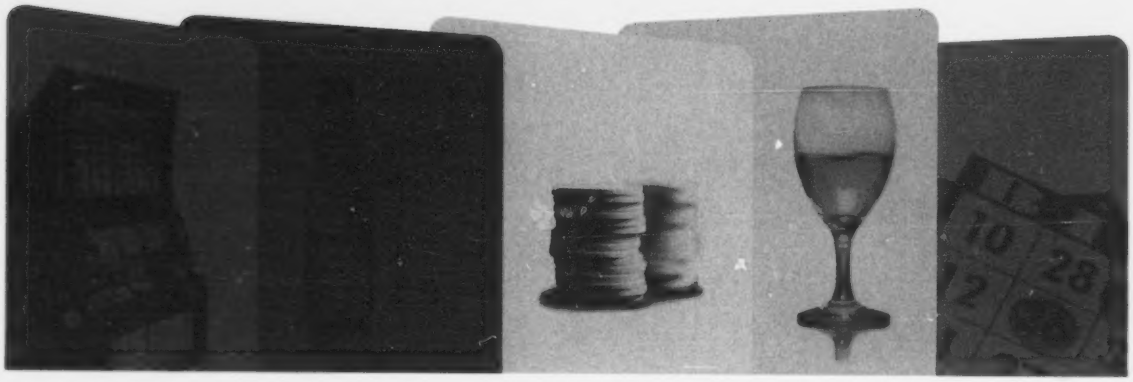

BALANCING CHOICE
AND RESPONSIBILITY

ALBERTA GAMING AND LIQUOR COMMISSION

2009-10 Annual Report

AGLC
Alberta Gaming and Liquor Commission
An Agent of the Government of Alberta

ALBERTA
LOTTERY FUND

In all its activities, the AGLC weighs social responsibility with Albertans' right to personal choice and the economic benefit generated by liquor and gaming. Finding a balance and acting with integrity is how we achieve our goals and shape the gaming and liquor businesses of the future.

Our VISION: Providing and protecting Albertans' choices

Our MISSION: Ensuring gaming and liquor sustainability for Alberta

We VALUE:

FORESIGHT:

We are aware of and take a proactive approach to shifts in social, political, economic and environmental trends.

ACCOUNTABILITY:

We hold ourselves accountable for our decisions.

INTEGRITY:

We are open and transparent and act with impartiality to uphold the trust of all our stakeholders.

RESPECT:

We value our colleagues, stakeholders and Albertans and our shared responsibilities to society and the environment.

As a Crown commercial enterprise, we are an agent of the Government of Alberta and operate under the *Gaming and Liquor Act*.

Our role is to administer the *Gaming and Liquor Act*, Regulation and related policy. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial gaming activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

The Solicitor General and Minister of Public Security is responsible for the *Gaming and Liquor Act*.

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Message from the Chairperson of the Board

I am pleased to report that 2009-10 was another successful year for the Alberta Gaming and Liquor Commission (AGLC). Over $1.4 billion from provincial gaming was provided to the Alberta Lottery Fund and charitable and religious groups earned an additional $323 million through charitable gaming activities licensed by the AGLC. Additionally, almost $716 million from liquor operations was provided to government.

Effective Board governance is critical to achieving gaming and liquor sustainability for Alberta while providing and protecting Albertans' choices. The Board of the AGLC is committed to continuous improvement with respect to its governance practices to ensure it manages a strong and effective corporation, which directly benefits Albertans. The Board of the AGLC regularly reviews the policies and practices of its four standing committees to ensure they continue to provide strong and effective guidance. The Board's governance practices ensure greater transparency and understanding of the AGLC for its shareholder and stakeholders alike.

In 2009-10, the AGLC began development on a new warehouse for gaming products in order to consolidate northern operations into one facility. The AGLC also took over working with Horse Racing in Alberta on behalf of the Solicitor General and Minister of Public Security. Gill Hermanns, Executive Director, Regulatory, was appointed as the Minister's representative on the Horse Racing Alberta Board.

The AGLC values the views of its stakeholders and Albertans alike. The Board of the AGLC conducts ongoing consultations with stakeholders and in October 2009, the Board was pleased to have the opportunity to meet with a number of stakeholders during the year.

The Board has provided the policy direction that will guide the operations of the AGLC in 2010-11 and beyond. The Board has set a strategic direction for the AGLC to modernize the gaming experience and the allocation of gaming products across casinos, bingo halls, licensed establishments and others. Through its oversight role, the Board will continue to oversee this modernization during the coming years.

In 2010, Guy Mathieu retired from the Board of the AGLC. On behalf of the AGLC and the people of Alberta, I would like to thank Guy for his dedication and contributions. The Board will be welcoming Bill Clark as a new member in 2010-11.

I am pleased with the accomplishments of both the Board as well as management in 2009-10 and look forward to 2010-11.

I would like to thank management and staff for their contributions and dedication to the success of gaming and liquor in Alberta. This dedication and these contributions directly led to another successful year for the AGLC.

Original signed by

Marguerite Trussler
Chairperson

Message from the Chief Executive Officer

The operations of the Alberta Gaming and Liquor Commission (AGLC) are governed by integrity and guided by social responsibility, Albertans' right to personal choice, and the economic benefits generated by liquor and gaming.

The AGLC's goals allow the AGLC to provide and protect Albertans' choices and ensure gaming and liquor sustainability for Alberta. AGLC staff build and protect the frameworks for the liquor and gaming industries in Alberta. Under these frameworks, Albertans enjoy a superior choice of quality liquor products that are available at competitive prices and a wide array of gaming entertainment options. The AGLC promotes personal choice and the responsible consumption of alcohol and the responsible participation in gambling activities.

The AGLC ensures that Albertans are satisfied with liquor and gaming in Alberta. I am pleased to report that 78 per cent of Albertans are satisfied with the conduct of the liquor business in Alberta, and 79 per cent of Albertans are satisfied with the conduct of legal gaming in Alberta.

Additionally, the AGLC ensures that our liquor and gaming industry clients are satisfied with the AGLC. I am pleased to report that 94 per cent of our liquor industry clients, 96 per cent of our charitable gaming licensees, and 94 per cent of our gaming retailers indicated their satisfaction with the level of service provided by the AGLC. I would like to thank all AGLC staff for their hard work and commend them on this remarkable achievement.

Gaming and liquor revenues are an important contribution to the economy and the government of Alberta's revenues. Almost $716 million was provided to the government from liquor operations in 2009-10. Over $1.4 billion from gaming operations were transferred to the Alberta Lottery Fund which supports thousands of public and community initiatives. An additional $323 million was earned by charitable and religious groups through charitable gaming activities licensed by the AGLC.

During 2009-10, AGLC staff undertook many initiatives and activities to achieve our mission of ensuring gaming and liquor sustainability for Alberta. The AGLC had many notable achievements during the year, including:

- The implementation of amendments to the *Gaming and Liquor Act* and Regulation that help police and licensees improve safety in licensed premises. Amendments to the *Gaming and Liquor Act* included authorizing police officers to remove suspected gang members and their associates from licensed establishments without an offence having been committed, and enabling licensees to share limited, specific personal information of patrons with each other and the police. Amendments to the Gaming and Liquor Regulation included making it illegal for an individual to enter a casino or Racing Entertainment Centre (REC) once he or she has signed a self-exclusion agreement, and making it a crime for individuals convicted under Section 209 of the *Criminal Code* (Cheating at play) to enter a gaming facility (see page 21);
- The implementation of 21 enhancements to the Voluntary Self-Exclusion (VSE) program (see page 27);
- The launch of an on-line version of the *ProTect* security staff training program (see page 26);
- The delivery of *ProServe* certification to over 43,000 individuals and *ProTect* security staff training to over 2,500 individuals (see page 26); and
- The introduction of a new national lottery game, LOTTOMAX, in conjunction with lottery jurisdictions across Canada (see page 38).

The dedication and commitment to excellence exhibited daily by AGLC staff is reflected directly in these accomplishments as well as the numerous others highlighted in this annual report.

The AGLC cares about its employees and works hard to foster a positive work environment. This year's annual employee satisfaction survey found that 87 per cent of employees feel they have positive working relationships with co-workers, and 81 per cent feel that their current job is a good fit with their skills and interests.

The AGLC's Board plays an important oversight role. The AGLC's ability to achieve its goals and fulfill its roles and responsibilities is directly related to Management and the Board's continued commitment to work together and benefit from the varied experiences and perspectives.

I look forward to the many new challenges and opportunities that the coming year will bring. I am very confident that the dedicated AGLC staff will rise to the occasion.

Original signed by

Gerry McLennan
Chief Executive Officer

2009-10 Highlights

Gaming in Alberta isn't just about the slot machines, VLTs, ticket lotteries and charitable gaming activities available throughout the province. It is about creating an appealing player experience that provides benefits to Albertans. The liquor industry provides Albertans with unparalleled choice while fostering a culture of moderation.

Highlights of 2009-10

$2.1 billion earned to benefit Albertans

Net Operating Results for 2009-10 were $2.1 billion. Over $1.4 billion went to the Alberta Lottery Fund and almost $716 million went to the General Revenue Fund.

($ millions)	2009-10	2008-09	2007-08	2006-07	2005-06
Gross Sales	$24,936	$27,069	$28,296	$26,165	$23,683
Gross Profit					
Liquor	$724	$685	$680	$662	$603
VLTs	511	592	703	735	695
Slot Machines	824	862	840	699	606
Electronic Bingo	8	7	9	8	6
Ticket Lottery	255	250	231	227	205
Other Revenue	12	21	20	18	13
Operating Expenses	(213)	(221)	(190)	(157)	(142)
Net Operating Results	$2,121	$2,196	$2,293	$2,192	$1,986

Ensuring Albertans have unparalleled choice

In 2009-10, Albertans continued to have a remarkable amount of choice from the 15,963 liquor products available.

	2009-10	2008-09	2007-08	2006-07	2005-06
Liquor Products Available	15,963	15,872	14,411	13,455	12,965

In 2009-10, Albertans purchased over 3.4 million hectolitres of liquor. Our gross liquor sales totaled $2.1 billion.

Liquor Sales ($ thousands)	2009-10	2008-09	2007-08	2006-07	2005-06
Spirits	$634,262	$638,550	$619,568	$586,115	$524,939
Wine	403,218	390,804	381,317	342,772	297,262
Coolers and cider	70,751	70,361	69,824	65,825	58,654
Beer	946,542	921,158	895,639	862,227	774,739
Total Sales	$2,054,773	$2,020,873	$1,966,348	$1,856,939	$1,655,594

2009-10 Highlights

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Total Sales	$2,054,773	$2,020,873	$1,966,348	$1,856,939	$1,655,594

Liquor Sales by Volume (in hectolitres)	2009-10	2008-09	2007-08	2006-07	2005-06
Spirits	243,862	254,205	251,898	243,505	223,546
Wine	326,321	314,746	308,240	288,445	260,400
Coolers and cider	146,983	150,357	150,295	146,765	133,886
Beer	2,705,264	2,715,449	2,662,062	2,643,122	2,447,587
Total Volume	3,422,430	3,434,757	3,372,495	3,321,837	3,065,419

Supporting Alberta's charities

We regulate charitable gaming in the province, which includes paper bingo, casino table games, pull-tickets and raffles. Net proceeds (revenues less expenses) from the events go directly to the charities that conduct the events.

During 2009-10, charities earned a total of $323 million, compared to $335 million the previous year.

($ million)	2009-10	2008-09	2007-08	2006-07	2005-06
Casino	$234	$252	$244	$198	$172
Raffle	58[1]	53[1]	48[1]	34[2]	34[2]
Bingo[3]	14	15	26	30	35
Pull-Ticket	17[4]	15[4]	7[5]	8[5]	7[5]
Total Proceeds	$323	$335	$325	$270	$248

1 Includes prior year information for raffles with gross sales over $10,000 and current year information for raffles with gross sales under $10,000.

2 Includes prior year information for raffles with gross sales over $10,000. Does not include raffles with gross sales under $10,000.

3 Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under $2,500.

4 Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold in all other locations.

5 Includes prior year information for pull-tickets sold in licensed bingo facilities and all other locations.

Transfer to the Alberta Lottery Fund

The Alberta Lottery Fund receives the government's share of net revenues from provincial gaming; VLTs, slot machines, electronic bingo and ticket lotteries. The revenues are used to support thousands of volunteer, public and community-based initiatives across Alberta. In 2009-10, we provided over $1.4 billion in proceeds to the Alberta Lottery Fund from provincial gaming activities.

	2009-10	2008-09	2007-08	2006-07	2005-06
Proceeds to the Alberta Lottery Fund	$1,405	$1,512	$1,615	$1,534	$1,389

Serving thousands of clients

In 2009-10, we provided a variety of services and support to thousands of liquor licensees, charitable gaming licensees, facility licensees, and lottery ticket and VLT retailers.

Liquor Licences	2009-10	2008-09	2007-08	2006-07	2005-06
Class A (open to the public)	5,059	5,015	5,037	5,085	5,160
Class B (facilities where people pay an entrance fee or buy a ticket)	523	507	507	500	492
Class C (private clubs)	793	795	782	780	783
Class D (retail outlets that sell liquor for off-premises consumption)[1]	1,868	1,801	1,800	1,769	1,743
Class E (liquor manufacturers)	22	22	20	20	20
Private Retail Liquor Stores (included in Class D above)	1,176	1,122	1,098	1,056	1,027
General Merchandise Liquor Stores (included in Class D above)	92	88	89	88	94
Charitable Gaming Licences Issued					
Bingo	771	1,057	1,027	1,265	1,262
Casino	3,494	3,471	3,424	3,259	2,904
Pull-Ticket	192	283	198	295	228
Raffles over $10,000	293	271	290	296	327
Raffles under $10,000[2]	7,463	6,791	6,326	6,339	–
Total Charitable Gaming Licences Issued	12,213	11,873	11,265	11,454	4,721
Gaming Venues					
Association Bingo Facilities	31	33	40	43	46
Private Operator Bingo Facilities	1	1	2	1	1
Total Licensed Bingo Facilities	32	34	42	44	47
Traditional Casino Facilities	19	19	19	18	17
First Nations Casino Facilities	5	5	4	1	0
Total Charitable Casino Facilities	24	24	23	19	17
Racing Entertainment Centres (RECs)	3	3	3	3	3
Lottery Ticket Centres	2,466	2,392	2,342	2,310	2,280
VLT Retailers and Video Gaming Entertainment Rooms (VGERs)	1,032	1,030	1,051	1,060	1,079

1 Class D licences are issued for private retail liquor stores, general merchandise liquor stores, off-sales (Class A and Class E licensees also offering sales for off-premises consumption), delivery services, sacramental wine, and to commercial caterers.

2 Licences for raffles under $10,000 are issued from Alberta registry agents on behalf of the Alberta Gaming and Liquor Commission. 2005-06 data for raffle licences under $10,000 is unavailable.

We met or exceeded our target for 12 of 15 performance measures

	TARGET	2009-10
GOAL 1: Liquor activities are conducted with integrity and in a socially responsible manner		
Percentage of liquor licensees who comply with legislation, regulations and policy	95.0%	97.2%
Percentage of Albertans surveyed who are satisfied that liquor is provided in a responsible manner	95.0%	94.3%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse	90.0%	90.0%
GOAL 2: Liquor licensing activities are effective and efficient		
Percentage of liquor licences and registrations completed within established timeframes	99.0%	100.0%
Percentage of liquor industry clients who are satisfied with the level of service provided by the AGLC	93.0%	94.0%
GOAL 3: Charitable gaming activities are conducted with integrity and in a socially responsible manner		
Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy	98.0%	99.5%
Percentage of charitable gaming financial reports produced within established timeframes	95.0%	98.5%
Percentage of Albertans surveyed who are satisfied that the charitable gaming activity they participated in was provided fairly and in a responsible manner	95.0%	95.2%
GOAL 4: Charitable gaming licensing activities are effective and efficient		
Percentage of charitable gaming licences and registrations completed within established timeframes	98.0%	99.7%
Percentage of charitable gaming licensees who are satisfied with the level of service provided by the AGLC	95.0%	96.0%
GOAL 5: The availability and delivery of provincial gaming products and activities are balanced with consumer demand, social responsibility, and economic benefit to Albertans		
Percentage of Albertans satisfied with the availability of gaming products and activities	70.0%	80.0%
Percentage of Albertans surveyed who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner	90.0%	93.5%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling	85.0%	84.0%
GOAL 6: Gaming operations are progressive, effective, efficient, and conducted with integrity		
Percentage of retailers satisfied with AGLC services related to VLTs, slot machines electronic bingo, Keno and ticket lotteries	98.0%	94.0%
Percentage of gaming integrity issues resolved within established timeframes	93.0%	98.3%

The Alberta Gaming and Liquor Commission also has two performance measures for the Solicitor General and Minister of Public Security:

	Target	2009-10
Percentage of Albertans satisfied with the conduct of the liquor business in Alberta	80%	78%
Percentage of Albertans satisfied with the conduct of legal gaming in Alberta	70%	79%

The Ministry's 2009-10 Annual Report also reports on these two measures.

Our Board

Ensuring Alberta's gaming and liquor industries are well regulated on behalf of Albertans begins with effective and accountable board governance.

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Our Board

Ensuring Alberta's gaming and liquor industries are well regulated on behalf of Albertans begins with effective and accountable board governance.

Our Board

Our Board consists of seven public members and the Chief Executive Officer, all appointed by the Government of Alberta. The Board reports through the Chairperson to the Minister responsible for the *Gaming and Liquor Act*.

The responsibilities of the Board are set out in Section 12 of the *Gaming and Liquor Act* and include:

- Ensuring that the powers and duties of the organization are appropriately carried out;
- Establishing the policies of the organization; and
- Conducting hearings and making decisions respecting licences and registrations.

Board Governance

Specifically, the Board has three major areas of responsibility in its governance role for the Corporation:

- Policy responsibilities;
- Regulatory responsibilities, as exercised through Administrative Tribunals; and
- Monitoring responsibilities.

Policy Responsibilities

The Board plays a significant role in establishing policy and advising the Minister responsible for the *Gaming and Liquor Act* on policy matters. The Board is engaged early in the process of policy development both through the strategic planning process and through consultation with stakeholders and partners. The Board may receive policy direction from the Minister responsible for the AGLC and, in turn, provide policy recommendations to the Minister.

Regulatory Responsibilities

The Board's regulatory responsibilities are prescribed by legislation. In its regulatory role, the Board functions as an administrative tribunal. Within the limits of its legislative jurisdiction, the Board conducts hearings, establishes and applies policies and rules, and makes decisions on gaming and liquor licences and registrations.

When conducting hearings, the Board has the powers, privileges and immunities of a commissioner under the *Public Inquiries Act*. As a result, the Board may hold an inquiry into any matter related to the *Gaming and Liquor Act*.

Monitoring Responsibilities

In its monitoring responsibilities, the Board is primarily concerned with ensuring that the Commission performs its duties. The Board ensures that appropriate monitoring processes and control systems are in place and that the AGLC's financial reports are of high integrity. The primary vehicle for performing this function is the Board's Audit Committee.

In addition, the Board oversees and monitors the administration of the organization by the Chief Executive Officer (CEO). The CEO ensures that policies of the Board are implemented and advises and informs the Board on the operating affairs of the organization.

The Internal Audit office operates under a mandate approved by the Audit Committee. The independence of the Internal Audit office is assured as the Audit Committee has the responsibility for the hiring, compensation and performance reviews of the Director. The Audit Committee also meets independently with the Office of the Auditor General for the Province of Alberta.

Board Sub-Committees

Four sub-committees assist the Board with its policy, regulatory, and monitoring responsibilities.

The Audit Committee is responsible for monitoring the organization's financial controls, financial reporting and disclosure, as well as monitoring organizational risks and mitigation strategies. The committee approves the annual audit plan of the Internal Audit office and monitors the resulting reports. The committee reviews the quarterly financial reports and financial statements of the AGLC and the Alberta Lottery Fund. The committee regularly meets with the Commission's external auditor, the Office of the Auditor General for the Province of Alberta, to review annual audit plans, internal controls and results of the audits.

The Corporate Governance and Stakeholders Committee is responsible for establishing, monitoring and reviewing the Board's corporate governance processes and establishing a process for monitoring the relations of the organization and the Board and its many stakeholder groups and partners. The committee reviews and recommends the approval of corporate governance practices, and the Code of Conduct and Ethics that guides Board members in making fair, effective, and impartial decisions.

The Finance and Strategy Committee is responsible for monitoring the organization's budget and business and strategic planning processes, and ensuring that the budget and business plan reflect the policies, objectives, and initiatives approved by the Board. The committee monitors the financial health of the organization and its performance and reviews and recommends approval of the organization's annual budget, which is approved by the Board.

The Human Resources Committee is responsible for overseeing corporate human resource matters. The committee ensures that the duties of the Chief Executive Officer and Board staff are appropriately carried out. It oversees the Board's competency matrix and monitors the Board member recruitment and evaluation process. The committee also oversees Board staff evaluations.

AGLC Board members are appointed by Cabinet and can serve for a maximum of nine years. Members bring a wealth of knowledge and experience that speaks to their commitment to their governance responsibilities.

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Regulatory Responsibilities

The Board's regulatory responsibilities are prescribed by legislation. In its regulatory role, the Board functions as an administrative tribunal. Within the limits of its legislative jurisdiction, the Board conducts hearings, establishes and applies policies and rules, and makes decisions on gaming and liquor licences and registrations.

When conducting hearings, the Board has the powers, privileges and immunities of a commissioner under the *Public Inquiries Act*. As a result, the Board may hold an inquiry into any matter related to the *Gaming and Liquor Act*.

Monitoring Responsibilities

In its monitoring responsibilities, the Board is primarily concerned with ensuring that the Commission performs its duties. The Board ensures that appropriate monitoring processes and control systems are in place and that the AGLC's financial reports are of high integrity. The primary vehicle for performing this function is the Board's Audit Committee.

In addition, the Board oversees and monitors the administration of the organization by the Chief Executive Officer (CEO). The CEO ensures that policies of the Board are implemented and advises and informs the Board on the operating affairs of the organization.

The Internal Audit office operates under a mandate approved by the Audit Committee. The independence of the Internal Audit office is assured as the Audit Committee has the responsibility for the hiring, compensation and performance reviews of the Director. The Audit Committee also meets independently with the Office of the Auditor General for the Province of Alberta.

Board Sub-Committees

Four sub-committees assist the Board with its policy, regulatory, and monitoring responsibilities.

The Audit Committee is responsible for monitoring the organization's financial controls, financial reporting and disclosure, as well as monitoring organizational risks and mitigation strategies. The committee approves the annual audit plan of the Internal Audit office and monitors the resulting reports. The committee reviews the quarterly financial reports and financial statements of the AGLC and the Alberta Lottery Fund. The committee regularly meets with the Commission's external auditor, the Office of the Auditor General for the Province of Alberta, to review annual audit plans, internal controls and results of the audits.

The Corporate Governance and Stakeholders Committee is responsible for establishing, monitoring and reviewing the Board's corporate governance processes and establishing a process for monitoring the relations of the organization and the Board and its many stakeholder groups and partners. The committee reviews and recommends the approval of corporate governance practices, and the Code of Conduct and Ethics that guides Board members in making fair, effective, and impartial decisions.

The Finance and Strategy Committee is responsible for monitoring the organization's budget and business and strategic planning processes, and ensuring that the budget and business plan reflect the policies, objectives, and initiatives approved by the Board. The committee monitors the financial health of the organization and its performance and reviews and recommends approval of the organization's annual budget, which is approved by the Board.

The Human Resources Committee is responsible for overseeing corporate human resource matters. The committee ensures that the duties of the Chief Executive Officer and Board staff are appropriately carried out. It oversees the Board's competency matrix and monitors the Board member recruitment and evaluation process. The committee also oversees Board staff evaluations.

AGLC Board members are appointed by Cabinet and can serve for a maximum of nine years. Members bring a wealth of knowledge and experience that speaks to their commitment to their governance responsibilities.

Members of the Board

Hon. Marguerite Trussler, Chairperson

The Hon. Marguerite Trussler was appointed Chairperson of the Board on December 12, 2007. Formerly a Justice of the Court of Queen's Bench of Alberta, Ms. Trussler has extensive board experience, having served as Chairperson of the Court of Queen's Bench Family Law Committee, a member of the Editorial Board, Canadian Bar Review, President of the Canadian Chapter of the International Association of Women Judges, and a member of the Alberta Cancer Board. With both her professional and community activities, Ms. Trussler demonstrates a strong commitment to community and family. She currently serves as Chairperson of the Provincial AIDS Advisory Committee, Chairperson of the Victoria School Foundation for the Arts, a member of *DeNovo* players, and is a member of the Edmonton Rotary Club.

Alexander (Sandy) Dougall

Sandy Dougall was appointed to the Board in October 2002. He has served as Chair of the Board's Audit Committee since 2003 and on the Human Resources Committee since April 2009. Sandy has also been involved in various other steering committees. Born and educated in Scotland, where he launched his banking career, Sandy held a variety of senior management positions in retail and business banking throughout Alberta. He enjoys volunteering with community and non-profit organizations and is an active member of the Canmore Rotary Club. Sandy served on the Calgary Health Region Board from 1998 to 2008.

Alexander (Al) Evans

Al Evans was appointed to the Board in October 2002. He served on the Board's Audit Committee from January 2003 to November 2007 and as Chair of the Board's Finance and Strategy Committee until October 2009. He has served as Chair of the Corporate Governance and Stakeholders Committee since November 2009 and as a member of the Board's Finance and Strategy Committee since October 2007. Al has been a member of the Board of the Western Canada Lottery Corporation (WCLC) since June 2004 and was Chair of the WCLC Board from June 2007 to June 2009. He has also been a member of the Interprovincial Lottery Corporation since October 2004. Al is also a member of the Board of the Alberta Foundation of Administrative Justice. He has a strong background in management accounting and has completed various courses in project management and corporate and public supervisory management. He holds a certificate in automotive technology from the Southern Alberta Institute of Technology and is a Dale Carnegie graduate. Before retiring, Al spent 34 years in the petroleum industry, 14 years of which were spent as a senior financial coordinator for a major oil company.

Guy Mathieu, Q.C.

Guy Mathieu was appointed to the Board in May 2005. He served as a member of the Board's Audit Committee from November 2005 to May 2010 and as a member of the Corporate Governance and Stakeholders Committee from November 2005 to October 2008 and November 2009 to May 2010. Previously he was a member of the Finance and Strategy Committee. Guy is a retired lawyer. Prior to his retirement he was a senior partner in the largest law firm in the Peace River region. He is an active member of the Chamber of Commerce, the Peace River Rotary Club and the Knights of Columbus, among others.

Lynn Faulder

Lynn was appointed to the Board in November 2003. She has been a member of the Finance and Strategy Committee and the Human Resource Committee since November 2009. Lynn was the charter chair of the AGLC Governance and Stakeholders Committee from November 2005 to October 2009 and served on the Audit Committee from December 2003 to November 2005. Lynn chairs the Edmonton Assured Income for the Severely Handicapped Appeal Panel and facilitates provincial wide training in the Principles of Natural Justice, Decision Making and Decision Writing for Alberta Income Supports Appeal Panels. She is the vice-chair of the Board of Governors at Norquest Community College. Lynn is a graduate of the Institute of Corporate Directors.

Ross Goldsworthy

Ross Goldsworthy was appointed to the Board in November 2007. He has served as the Chair of the Finance and Strategy Committee since November 2009 and as a member of the Audit Committee since November 2007. Previously he was a member of the Corporate Governance and Stakeholders and Human Resources Committees. Over the past 25 years, he has held increasingly senior positions within the transportation industry and is President of his own logistics consulting firm. He holds Certified Public Accounting and Certified General Accounting designations and is a graduate of the Institute of Corporate Directors Program and holds the ICD.D designation. Ross is also a member of the Board of the Credit Union Deposit Guarantee Corporation.

Jim Hansen

Jim Hansen was appointed to the Board in November 2007. He has been Chair of the Board's Human Resources Committee since April 2009 and a member of the Corporate Governance and Stakeholders Committee since 2007. Previously he was a member of the Finance and Strategy Committee. In his 20 years as President and CEO of the Alberta Hotel and Lodging Association (AHLA), Jim was a leader in Alberta's hospitality industry. He worked with the AGLC on a number of initiatives, including the development of the Alberta Server Intervention Program.

Mr. Hansen has used his business sense and knowledge of Alberta's hospitality industry to develop and publish many far-reaching programs, including accommodation rating programs such as Canada and Camping Select, Alberta's official Accommodation and Campground guides, ExploreAlberta.com, and Access Alberta.

Mr. Hansen is a former director of the Tourism Coalition of Alberta and the Alberta Liquor Industry Roundtable. He has held executive positions with the Hotel Association of Canada, Edmonton Regional Airports Authority, and the Leduc Nisku Economic Development Authority, the Leduc and District Chamber of Commerce and is currently an active member of the Leduc Lions Club.

Gerry McLennan (CEO) (Ex-Officio) (Non-Voting)

Gerry McLennan has been the AGLC's Chief Executive Officer since December 2007. He is an ex-officio, non-voting member of the Board of the AGLC.

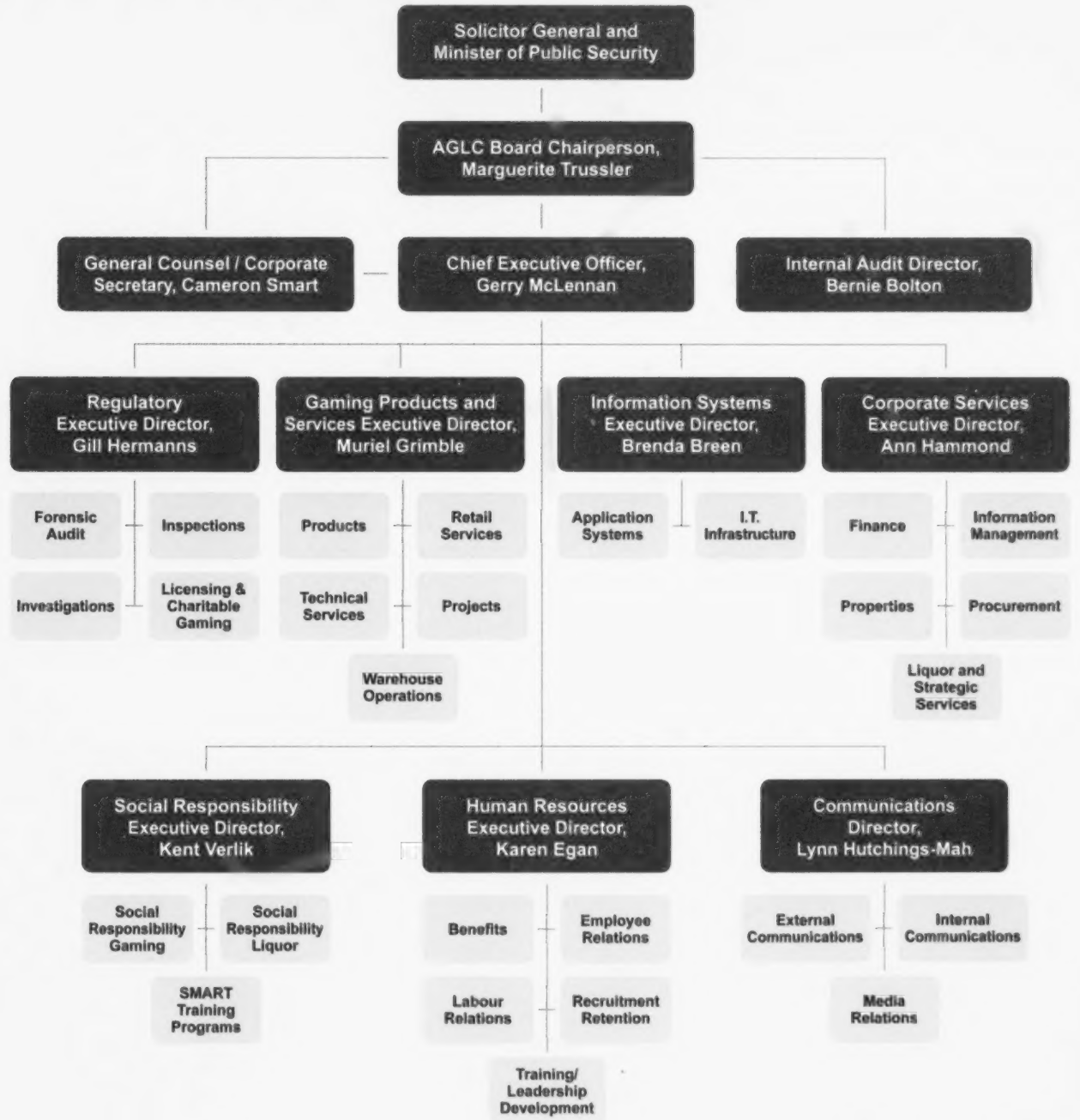
During his 25 years with the AGLC, Mr. McLennan was promoted to increasingly more senior positions and became the Executive Director of the Regulatory Division in 2003. The Regulatory Division has responsibilities for licensing and enforcement of provincial legislation for both the liquor and gaming industries. In July 2007, Gerry was named acting CEO and appointed as CEO following an open competition. In his position as CEO, Mr. McLennan is responsible for the daily operations of the AGLC, named by Venture Magazine as one of the top ten companies in Alberta.

Throughout his career, Mr. McLennan has pursued a course of professional development programs at the University of Alberta, as well as the Public Executive Program at Queen's University in Kingston, Ontario.

Our Purpose and Structure

Skilled and dedicated people are the backbone of the AGLC. We are committed to providing excellent service to thousands of colleagues, stakeholders and Albertans every day.

Organization Chart



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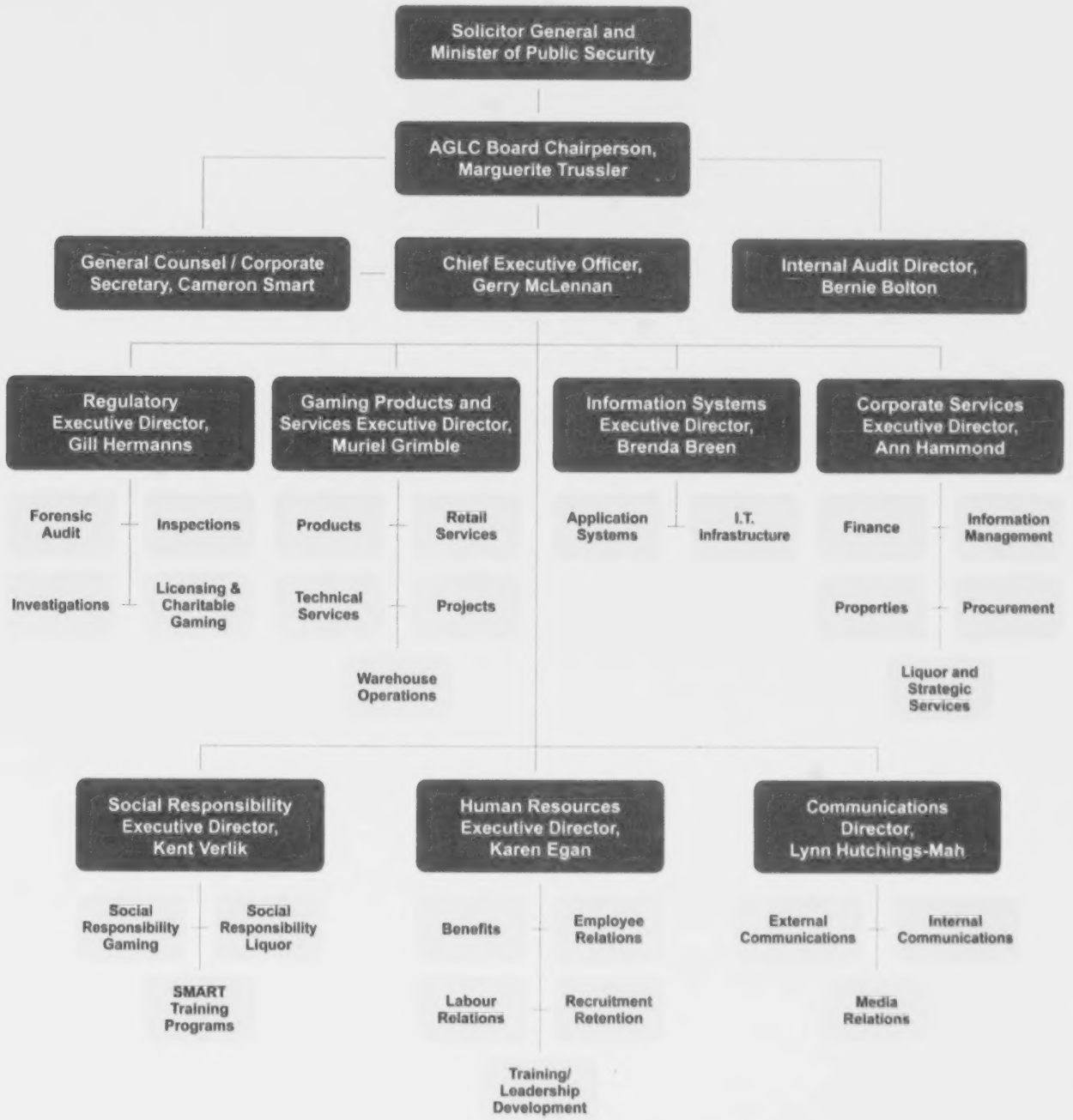


Purpose and Structure

We operate under the authority of the *Gaming and Liquor Act* and report to the Solicitor General and Minister of Public Security. Our structure includes:

- A Board comprised of seven public members and the Chief Executive Officer, all appointed by government. The Board reports, though the Chairperson, to the Minister.
- Seven divisions that manage the day-to-day operations of the organization and report to the Board through the Chief Executive Officer. This structure ensures that policy implementation is consistent and that operations run seamlessly and efficiently.

Our role is to administer the *Gaming and Liquor Act*, Regulation and related policy. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial gaming activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

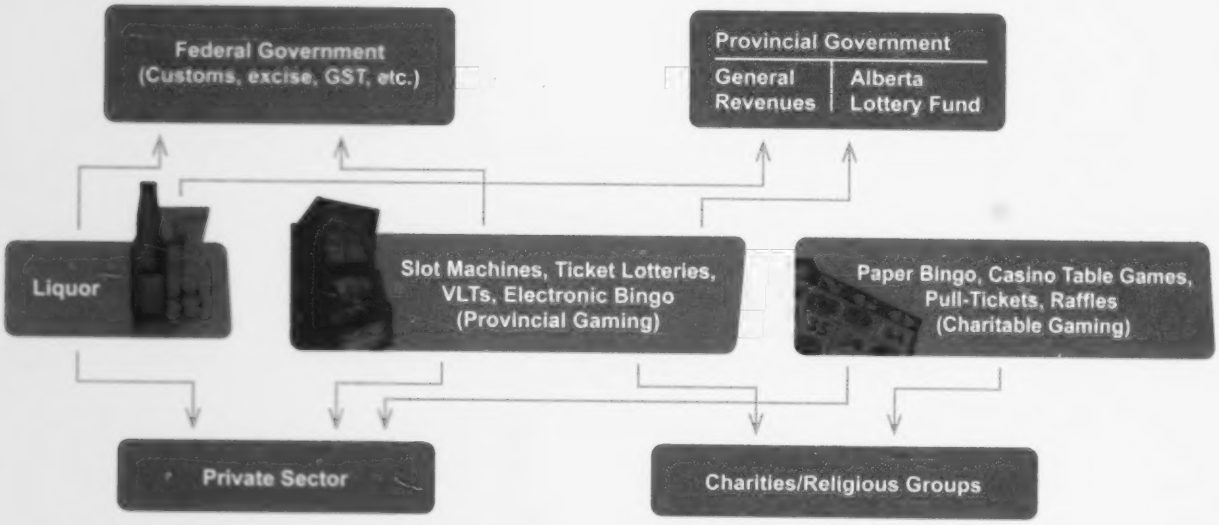
We manage and control the growth of Alberta's gaming and liquor industries responsibly and with integrity. This means all industry stakeholders compete on a level playing field where the rules are fair and clearly and consistently applied. It means that sound policy and effective regulation work hand in hand with monitoring and enforcement. It means a commitment to working in partnership with charities and private businesses to deliver high quality services to the public. And it means a commitment to excellence, openness and accountability.

Through our activities, we generate revenue for the province and the people of Alberta which contributes to the growth of Alberta's economy, the prosperity of communities, and the well-being and quality of life of Albertans.

We work hard to sustain the long-term economic benefits of liquor and gaming and take our social responsibility responsibilities just as seriously. We sponsor education and awareness programs – for the public, for our staff, and for industry staff. We support research in the field of gambling and addictions and are a partner in the province's beverage container recycling program. And perhaps most importantly – we ensure that our operations, policies and programs reflect the values of Albertans.

Albertans have the right to make choices and to take responsibility for their own affairs. We provide Albertans with a wide range of gaming entertainment options as well as information to help them make informed decisions. We provide gaming and liquor products in secure and licensed venues. We work hard to protect minors, and respect the rights of communities to make decisions that reflect local interests.

In all our decisions, we maintain integrity and weigh social responsibility against Albertans' right to personal choice and the economic benefits generated by liquor and gaming.



Flows of funds

Our liquor and gaming businesses include the collection and disbursement of funds in accordance with the *Gaming and Liquor Act*, other legislation, policies and agreements.

For liquor, we collect the wholesale price of liquor products. Suppliers are paid for the product. Warehousing, distribution and container recycling fees along with federal duties and taxes are also paid. After deducting our liquor related operating costs including fees from licences, levies, and fines, the net amount is provided to the provincial government.

For provincial gaming, we record gaming activity from slot machines, ticket lotteries, VLTs and electronic bingo. We ensure prizes are paid and remit federal taxes. Commissions are paid to retailers/operators. Charities/religious groups are paid a commission from slot machines in Casinos and electronic bingo. After deducting our gaming related operating costs, the net amount is provided to the Alberta Lottery Fund.

For charitable gaming, the gaming event is conducted and managed by a charitable or religious group under a licence approved by the AGLC. Costs of products and services from the private sector are paid by the event licensee. The event licensee retains the profit from the event. Other than a licence fee for the event, the AGLC receives no revenue from charitable gaming.

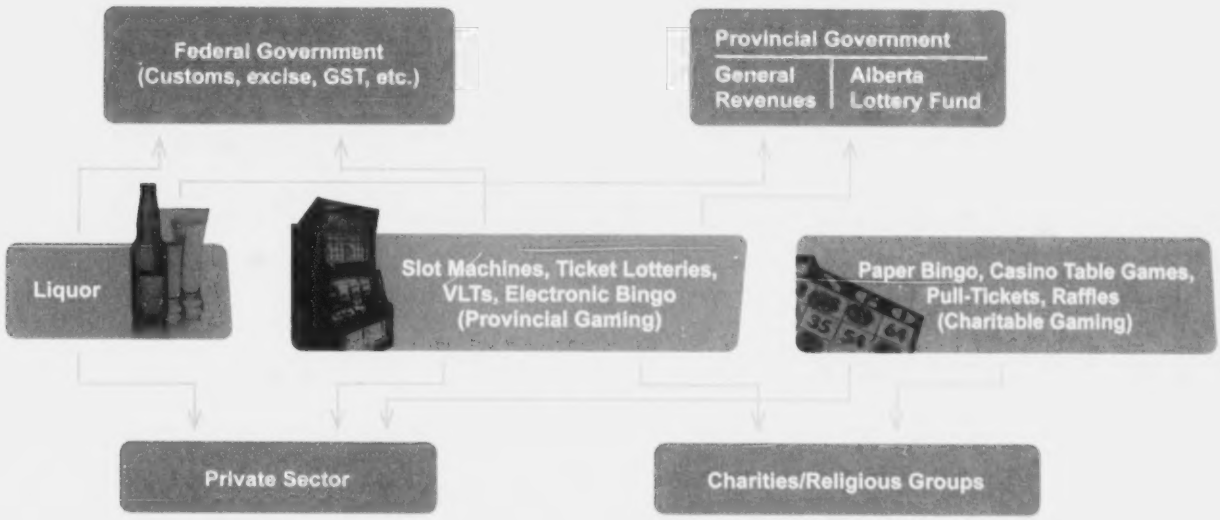
Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the overall operations of the organization, as set out in Section 18(2) of the *Gaming and Liquor Act*.

The Administration

Our seven divisions include 852 employees located in our offices in St. Albert (the head office), Calgary, Grande Prairie, Lethbridge, Red Deer, and Stettler. The divisions are:

- Communications
- Corporate Services
- Gaming Products and Services
- Human Resources
- Information Systems
- Regulatory
- Social Responsibility



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Communications

Supports our commitment to communicating with employees and external stakeholders on key business activities and initiatives. It also provides Albertans and key stakeholder groups with up-to-date information on our programs and initiatives through a variety of communication vehicles including websites, news releases, and fact sheets. The Division acts as our liaison and spokesperson with local, provincial, and national media and monitors public opinion to better understand Albertans' expectations and priorities to develop effective communication strategies.

Corporate Services

Manages budgeting, financial and reporting operations for the AGLC, including revenue, pricing, collections, payroll and payments. It leads the development of strategic policy recommendations for gaming and liquor activities in the province as well as strategic and business planning based on environmental scanning and risk assessments. It coordinates performance measurement and freedom of information and protection of privacy services. It also manages information security, procurement, and property requirements. The Division monitors and manages the liquor supply chain ensuring controlled, efficient, and effective supply of liquor products to Albertans and ensures compliance with customs and excise legislation, revenue collection and inventory control for all Alberta liquor and beer warehouses. Through this Division, the AGLC actively participates in Alberta's beverage container management and operations. Corporate Services has five branches: Finance, Information Management, Liquor and Strategic Services, Procurement and Properties.

Gaming Products and Services

Manages the business operations related to gaming products and the conduct and management of the province's gaming activities. It consists of five branches. The Technical Services Branch provides the technical support to ensure the province's electronic gaming equipment is kept in good repair. It also operates the AGLC hotline call centre where gaming retailers obtain information or assistance and other corporate information. The Products Branch is responsible for managing the gaming product mix and maintaining thoroughly tested, properly functioning, state-of-the-art equipment for Alberta's gaming industry. The Project Branch maintains standards and processes related to project management, strategic and business planning, and policy within the Division. The Retail Services Branch supports the province's gaming retailers and provides the account services, product information and signage that retailers need for their operations. It also oversees the AGLC prize payout offices in St. Albert and Calgary. The Warehouse Operations Branch provides support to the gaming industry supply chain including all standard warehouse-related issues, gaming equipment production, repair services, transportation and material/inventory management services.

Human Resources

Plans, develops and delivers all human resource programs, policies and practices for the organization and ensures the alignment of strategic human resource initiatives with business goals. The Division manages the delivery of human resource services in the areas of staffing, job evaluation, employee relations, workplace health, performance management, employee recognition, attraction, retention initiatives and collective bargaining.

Information Systems

Provides the computer technology that supports our businesses. It consists of two branches: Application Systems and IT Infrastructure. The Application Systems Branch develops and maintains specialized application systems that keep our day-to-day business on track and assist the business areas with collecting and monitoring information. The IT Infrastructure Branch manages a secure network of computers, printers and servers in all of our corporate offices, at liquor warehouses and at gaming facilities. This Branch manages a "wide area" telecommunications network that securely connects our data centre with more than 1,200 gaming locations across the province. It also monitors gaming activity and provides disaster recovery services for the specialized electronic gaming systems that track the real-time operations of video lottery terminals, slot machines and electronic bingo devices.

Regulatory

Responsible for ensuring the integrity of the gaming and liquor industries in Alberta. It consists of four branches: Licensing and Charitable Gaming, Inspections, Forensic Audit, and Investigations. The Licensing and Charitable Gaming Branch is directly involved in every detail of the licensing, registration and reporting processes for Alberta's liquor and gaming operations. The Inspections Branch is responsible for conducting regular, on-site inspections to ensure that liquor licensees, registrants and gaming operations across the province comply with legislation and policy. The Forensic Audit Branch provides ongoing monitoring to maintain the financial integrity of Alberta's gaming industry. The Investigations Branch works with police services and other government ministries to investigate *Criminal Code* offences related to gaming, liquor, and tobacco in the province.

Social Responsibility

Coordinates our social responsibility initiatives to ensure that gaming and liquor activities are conducted in a socially responsible manner. It leads the design of programs, policies, and strategies that promote healthy choices and the responsible use of gaming and liquor products and delivers these programs in cooperation with Alberta Health Services (AHS) and stakeholders in the liquor and gaming industries. The Division is also responsible for the conduct and management of Responsible Gambling Information Centres (RGICs) and a number of gaming and liquor industry training programs.

Regulatory Initiatives

We value and respect our relationships with all our stakeholders and work hard to keep their trust. Maintaining integrity in the gaming and liquor industries is not only our responsibility but is also crucial to our success.

Regulatory Initiatives

Changes to the Gaming and Liquor Act and Regulation

To support the provincial government's commitment to safer communities, amendments to the *Gaming and Liquor Act* were proclaimed in force on November 1, 2009.

One key change enables licensees to share limited, specific personal information such as the name, age, and photo of patrons with each other and the police to help prevent violence in and around licensed premises. We worked with the Office of the Information and Privacy Commissioner to develop guidelines to assist bar operators in understanding their duties and obligations when collecting, using, disclosing and handling the personal information of patrons.

New provisions in the *Gaming and Liquor Act* authorize police officers to remove suspected gang members and their associates from licensed establishments without an offence having been committed.

There were also amendments to the Gaming and Liquor Regulation that make it illegal for an individual to enter a casino or Racing Entertainment Centre (REC) once he or she has signed a self-exclusion agreement. By signing this agreement, program participants agree to ban themselves from these facilities. If the participant violates the agreement and is found in a casino or REC, he or she has committed an offence and may be fined. The amendments also make it a crime for individuals to enter a gaming facility if they have been convicted under Section 209 of the *Criminal Code* - Cheating at Play.

It's the Law and my Job!

Summer of 2009 saw the introduction of the "It's the Law *and* my Job!" posters in licensed establishments. Specifically the AGLC worked with the liquor industry to create a campaign that targets some of the different types of jobs within the liquor industry that include the responsibility of ensuring that AGLC policies are enforced, such as: checking identification, not serving customers who appear intoxicated, and servers not consuming alcohol while on duty. The new message is a valuable tool for staff to explain to customers that the responsible sale of liquor is not only law but also a part of their job. This poster campaign also reminded industry workers of the mandatory *ProServe* certification deadline of January 1, 2010.

Preventing minors from purchasing liquor

We take the issue of minors accessing liquor very seriously and continue to work with the liquor industry to reduce or prevent situations where proof of age is not requested for those appearing to be under 25 years of age. We feel it is important to prevent situations where proof of age is not requested and minors are served liquor. This responsibility must be shared by every individual in the liquor business to ensure minors are not being served liquor. Liquor licensees not in compliance are fined or otherwise disciplined.

Liquor Mark-up Changes

A liquor mark-up increase for all product categories was announced in Budget 2009 and took effect on April 7, 2009. On July 7, 2009, the mark-up increase was rolled back to pre-budget levels. The decision to roll back the increase was based on Albertans' concerns about price increases during a time of economic challenge.

Liquor Mark-up Rates

Spirits, Refreshment Beverages and Wine	As of March 31/10 $ per Litre
Spirits (greater than 60% alcohol content)	17.87
Spirits (greater than 22% and less than or equal to 60% alcohol content)	13.30
Spirits (less than or equal to 22% alcohol content)	9.90
Refreshment Beverages (greater than 8% and less than or equal to 16% alcohol content)	4.05
Refreshment Beverages (greater than 1% and less than or equal to 8% alcohol content)	1.35
Wine and Sake (greater than 16% alcohol content)	6.10
Wine and Sake (less than or equal to 16% alcohol content)	3.45
Wine and Mead (sold from cottage winery/meadery farm gates and/or farmer's markets)	0.70

Beer Annual Worldwide Production*	$ per Litre
Less than or equal to 20,000 hectolitres	0.20**
Greater than 20,000 hectolitres and less than or equal to 200,000 hectolitres	0.40**
Greater than 200,000 hectolitres and less than or equal to 400,000 hectolitres	0.40 on sales in Alberta up to and including the first 200,000 *** 0.98 on sales in Alberta for the next 200,000 hectolitres up to and including 400,000
Greater than 400,000 hectolitres	0.98

* Annual worldwide production includes the volume of all liquor and non-liquor products manufactured where the beer is produced, as well as all contracted or leased volumes.

** All manufacturers/liquor suppliers/liquor agencies are subject to the standard mark-up rate of $0.98 per litre. A qualified manufacturer may be eligible for the small brewer mark-up if it meets, to the satisfaction of the AGLC, the following criteria:

1 A qualified manufacturer, under the beer mark-up policy, is defined as:

a) An Alberta licensee holding a Class E Manufacturer (Brewery) Licence issued in accordance with the *Gaming and Liquor Act*, Gaming and Liquor Regulation and related AGLC policies; or

b) A person who owns/leases, operates and controls an establishment for making liquor outside of Alberta who meets the following requirements of a Class E Manufacturer (Brewery) in Alberta:

i. 5,000 hectolitres minimum annual production capacity;

ii. all beer must be manufactured on site;

iii. fermentation, maturation and storage tanks with a minimum of 10 hectolitres capacity each;

iv. there must be a weekly minimum of 50 hectolitres overall fermentation, maturation and storage capability and there must be space available to add additional tanks to achieve the overall annual capacity; and

v. the person must have the continuous right to solely occupy and control the facility whether or not the facility is owned or leased by the person.

2 A qualified manufacturer is eligible for the small brewer rates on products for distribution in Alberta only if it is either:

a) the owner of the trade/brand names it manufactures; or

b) the registered agency in Alberta of the products it manufactures.

3 A registered agency that has a product produced at only one qualified manufacturer, that qualified manufacturer having annual world-wide production of all products less than 20,000 hectolitres is eligible for the small brewer rate.

***Only those beer manufacturers and suppliers whose annual worldwide production was less than 200,000 hectolitres when they entered the Alberta market are eligible for the transition mark-up rates.

Deterring underage gambling

Responsibility in the gaming industry is shared amongst individuals, the government and industry. The AGLC continues to work with industry to prohibit minors from participating in gambling activities and ensure retailer compliance with policy through the AGLC Minors Awareness Campaign. This campaign's primary message educates consumers and industry stakeholders that, in Alberta, minors are prohibited from participating in provincial gaming activities.

Working with our Host First Nation stakeholders

The First Nations gaming policy for on-reserve casinos was developed in 2001 by Alberta First Nations and the Government of Alberta. The Policy was designed to fit within the charitable component of Alberta's gaming model while meeting the needs of First Nations communities.

In 2006, a committee comprised of representatives from the AGLC, the Government of Alberta and Host First Nations developed the Host First Nation Charitable Casino Policies Handbook which provides Host First Nation licensed charities with policies regarding eligibility and the approved uses of proceeds.

Since 2006, five First Nation Casinos have opened in Alberta. In 2008, a committee, in consultation with Host First Nations, began reviewing and revising the existing eligibility and use of proceeds policies. Where appropriate, new policies will be proposed. The review continues into 2010-11. The review will ensure the policy continues to meet the needs of First Nations, the AGLC and the Government of Alberta.

Keeping integrity in Alberta's gaming activities

To ensure the integrity of ticket lotteries, we have processes, policies and safeguards in place to benefit all players. These include:

- Ticket lottery terminals with customer display units (CDUs);
- Self-serve ticket checkers in all retail lottery locations;
- A "Tear and Return" policy which requires retailers to return all tickets to customers after they are validated;
- A requirement that all tickets be signed prior to validation by the retailer;
- An in-depth interview process for all winners over $1,000;
- A retailer compliance monitoring program to ensure retailers are complying with the policies and a progressive discipline program for non-compliant retailers;
- The requirement that new lottery ticket retailers complete a criminal record check prior to receiving a lottery terminal; and
- A customer hotline for all customer ticket lottery complaints and complaint monitoring and an investigative process to ensure all complaints are investigated.

Social Responsibility Initiatives

By ensuring that Albertans have the tools and information they need to make healthy choices when consuming liquor and participating in gambling activities, we can foster a culture of moderation. Our commitment to sustaining a healthy balance resonates in everything we do.

Social Responsibility Initiatives

Social responsibility in the delivery of liquor and gaming products in Alberta is achieved through collaborative efforts between government, stakeholders, and patrons. Our participation in these initiatives include:

- Partnering with Alberta Health Services (AHS) and working closely with liquor and gaming industry stakeholders to develop provincial strategies that promote healthy choices and the responsible use of liquor and gaming products.
- Working with national partners and monitoring liquor policy development in other jurisdictions. Current issues range from violence in bars, binge drinking, youth drinking and more.
- Identifying gaming research priorities together with post-secondary institutions and other stakeholders.
- Monitoring other gaming jurisdictions and academic research to identify effective responsible gambling awareness training programs, and gambling harm prevention and education initiatives.
- Administering the Voluntary Self-Exclusion (VSE) program for patrons of Racing Entertainment Centres (RECs) and casinos who request help to control their gambling behaviour.

We are proud of our leadership role in these areas. Here are some of our programs and initiatives that deal with these issues.

Best in class SMART training programs

Our SMART training programs are a best-in-class series of competency based courses aimed at educating and informing anyone involved in the gaming and liquor industries about their social responsibilities and duty of care obligations. We are a national leader in education and training for the responsible service, sale and consumption of alcohol and the responsible delivery of gaming products and services.

Proven effective by third-party studies, our suite of SMART training programs are designed to help servers and licensees fulfill their social responsibilities and duty of care obligations, raise awareness of problem alcohol behaviours, and reduce the risk of liability. Our gaming-focused courses are designed to help licensees fulfill their social responsibilities and duty of care obligations, raise awareness of problem gambling and reduce the risk of liability. SMART training programs include:

- *ProServe* (Liquor Industry Workers)
- *ProTect* (Liquor Industry Security Staff)
- *Deal Us In* (Casino and Racing Entertainment Centres)
- *Reel Facts* (Video Lottery Terminal [VLT] Retailers)
- *A Good Call* (Bingo Halls)

Did you know
that all our SMART training programs can be accessed on-line? To access these services go to:
smartprograms.aglc.ca

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- *ProServe* (Liquor Industry Workers)
- *ProTect* (Liquor Industry Security Staff)
- *Deal Us In* (Casino and Racing Entertainment Centres)
- *Reel Facts* (Video Lottery Terminal [VLT] Retailers)
- *A Good Call* (Bingo Halls)

Did you know
that all our SMART training programs can be accessed on-line? To access these services go to:
smartprograms.aglc.ca

	2009-10	2008-09	2007-08
Liquor Training Program			
Number of individuals who completed *ProServe* training*	43,386	13,022	11,614
Number of individuals who completed *ProTect* training	2,573	2,258	315
Gaming Training Programs			
Number of individuals who completed *Deal Us In* training	1,710	1,848	1,611
Number of individuals who completed *Reel Facts* training**	5,533	1,724	1,200
Number of individuals who completed *A Good Call* training	137	125	512

* Formerly *the Alberta Server Intervention Program* training, *ProServe* training became mandatory as of January 1, 2010

** Formerly, Winning Moments training

Reducing liquor-related harms

We've partnered with AHS, community stakeholders and government colleagues to develop the Alberta Alcohol Strategy. This coordinated approach serves as a framework to prevent and reduce harms associated with alcohol use in the province. It fosters a culture of moderation and raises the profile of alcohol use and abuse and the importance of social responsibility in alcohol regulation. The strategy helps to mitigate the impacts and costs associated with alcohol use in Alberta.

Mandatory training for liquor industry workers

As of January 1, 2010 *ProServe* training became mandatory for all individuals involved in the sale and service of liquor in licensed premises. *ProServe* assists individuals involved in selling and serving liquor to the public by educating them about their duty of care responsibilities, Alberta legislation, and our policies. The program raises awareness about the responsible consumption of alcohol, and helps to curb the problems of underage drinking, over consumption, and impaired driving. The training program is available through a number of different delivery methods, including online, public seminars, in-house seminars and self-directed programs.

ProServe training is mandatory for all individuals involved in the service and sale of liquor in licensed premises.

In 2009-10, 43,386 individuals obtained *ProServe* certification. A total of 85,410 individuals have obtained *ProServe* certification since the inception of the program in November 2004.

Enhancing the *ProTect* security staff training program

In 2009-10, a new *ProTect* video was produced and is a part of the newly developed on-line version of the *ProTect* program which launched on March 31, 2010. The program is specifically designed for individuals whose job responsibilities include controlling access to licensed premises, checking for proper proof of age, crowd control, and monitoring and intervening to prevent aggressive actions.

ProTect focuses on reducing the risk of violence and liability by helping participants improve their observation and communication skills, preparing them to better prevent, defuse, and manage customer disturbances. In 2009-10, 2,573 individuals completed *ProTect* training through one of 161 facilitated seminars. A total of 4,960 individuals have received *ProTect* training since the program began in 2008.

The Alberta Safer Bars Council

The Alberta Safer Bars Council is a multi-sectoral advisory group that reviews best practices with the goal of raising standards and improving safety in and around licensed premises. It was established in response to growing concerns regarding violence in and around licensed premises to enable Alberta's liquor industry to proactively and cooperatively move forward with a number of key policy initiatives. The Council provides strategic advice in prioritizing, developing and implementing policies and programs to deter violence in and around licensed premises

based on the best practices and experiences in other jurisdictions. In 2009-10, the Alberta Safer Bars Council endorsed the development and pilot of the accreditation and awards program Best Bar None aimed at raising standards and rewarding excellence in Class A Minors Prohibited premises. The Council has also begun sub-committee work in the areas of Research, Legislation and Regulation, Community Mobilization and Social Marketing.

The Alberta Responsible and Problem Gambling Strategy

To minimize gambling related harm and encourage healthy, sustainable gambling environments, a working committee continually reviews emerging trends and issues in the field of responsible and problem gambling and ensures there is a shared understanding and commitment to priorities and actions in these areas. The Alberta Responsible and Problem Gambling Strategy, *Both Sides of the Coin*, is a joint initiative with Alberta Health Services (AHS) that provides Albertans who choose to gamble with the resources they need to make informed decisions.

Holiday Minors Awareness Campaign

Social responsibility doesn't take a holiday. In 2009-10, the AGLC expanded its Minors Awareness campaign for Ticket Lottery retailers to include a holiday theme titled "Santa Doesn't Bring Kids Lottery Tickets!". The focus of the campaign was to raise awareness that gifting lottery tickets to children may encourage minors to gamble. The campaign encouraged all Albertans to recognize the responsibility we all share to sustain a responsible gambling environment in Alberta.

"Play Smart Gamble Responsibly"

"*Play Smart. Gamble Responsibly.*" was the theme for the Alberta's third annual Responsible Gambling Awareness Week (RGAW) held between October 19 and October 25, 2009. This theme was a natural compliment to the "Set a Limit. Stay Within it." initiative launched the previous year. The RGAW aims to educate Albertans about maintaining a healthy perspective on gambling and how to seek help if gambling is a problem. The week focused on educating gambling patrons in the province's casinos, racing entertainment centres, VLT retail locations and bingo halls. Responsible Gambling Information Centre (RGIC) representatives showcased several interesting resources to encourage responsible gambling behaviours as the best defense against problem gambling. Together with AHS, the AGLC provides awareness and intervention training for gaming operators and retailers. Responsibility in the gaming industry is shared among individuals, the government and industry and the RGAW is one way to recognize and encourage this cooperative effort.

Voluntary Self-Exclusion Program

Developed in conjunction with Alberta Health Services and the gaming industry, the Voluntary Self-Exclusion (VSE) program enables patrons to exclude themselves from all Alberta casinos and Racing Entertainment Centres (RECs) for a specified time period. The program is designed to help deter participants from entering into casinos and RECs to keep them away from the gambling opportunities within these establishments. This confidential program has enrollment periods that range from six months to five years and participants must complete a mandatory workshop prior to the expiry of his or her agreement. In early 2007, the AGLC completed a comprehensive evaluation of the VSE program, identifying 21 recommendations that further enhanced the program to what it is today. While not considered a comprehensive problem gambling treatment program, the VSE program offers assistance to problem gamblers seeking help and encourages participants to seek additional help and/or resources. VSE agreement forms are available at all casinos and RECs as well as from all AGLC offices and on the AGLC website. In 2009-10, a VSE security staff training program was also launched that trained 545 security personnel in RECs and Casinos.

Making responsible gambling information and support accessible

We strive to make responsible gambling information and assistance readily available. That is why we've established 16 Responsible Gambling Information Centres (RGICs) in 15 casinos and 1 Racing Entertainment Centre (REC). RGICs provide Albertans with responsible gaming information and the facts to dispel the myths related to gambling as well as tips on developing strategies to stay within a budget. The centres are staffed by trained responsible gambling consultants from Tuesday to Saturday from noon to 8:00 pm. Centre staff assist gamblers with referrals to counseling, provide information and assistance regarding

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enrollment in the VSE program and administer the Voluntary Self Exclusion (VSE) program within their facility. Centre staff also assist and educate front line Casino and REC staff and facility management staff with the identification and monitoring of problem gamblers. Player Awareness Terminals (PATs), which feature a series of interactive screens that offer a self-test, information to dispel gambling myths, as well as tips for gamblers on how to develop safe, personal responsible gambling guidelines, are also installed in all RGICs.

RGIC Locations at March 31, 2010:

CITY	FACILITY
CALGARY	Cash Casino Deerfoot Inn and Casino Elbow River Casino Grey Eagle Casino Stampede Casino
CAMROSE	Camrose Resort Casino
COLD LAKE	Casino Dene
EDMONTON	Century Casino Northlands Park (REC) Palace Casino River Cree Resort and Casino
FORT MCMURRAY	Boomtown Casino
GRANDE PRAIRIE	Great Northern Casino
LETHBRIDGE	Lethbridge Casino
RED DEER	Cash Casino Jackpot Casino

Maintaining our commitment to the environment

We are committed to corporate social responsibility because we understand that our actions impact Albertans, communities and the environment. We believe in being accountable and will continue to investigate and implement additional changes in the years to come.

Highlights of our green initiatives include:

COMPLETED INITIATIVES:

- Converted Halon fire suppression systems to a chemical that produces no ozone environmental damage when dispersed*;
- Converted all incandescent pot lighting to compact fluorescent lighting, reducing energy consumption by approximately 85 per cent*;
- Converted primary air conditioning units to staged compressors, reducing energy consumption by approximately 20 per cent*;
- Installed reflective window coverings on windows to reduce solar gain;
- Amalgamated individual printers/copiers/fax machines into shared multifunction printers;
- Replaced CRT monitors with flat panel monitors;
- Developed a new St. Albert warehouse to LEED Silver standards;
- Installed a computerized building management system to reduce energy costs*; and
- Participated in an annual St. Albert neighbourhood clean-up initiative.

ONGOING INITIATIVES:

- Recycling paper products, shrink wrap, cardboard, and containers through a contractor;
- Replacing many corporate fleet cars with 4-cylinder engine models;
- Purchasing new vehicles with flex-fuel options;
- Purchasing recycled paper products;
- Reducing chemical use in the dishwasher in our cafeteria*;
- Recycling all used oils and fats from the cafeteria*;
- Joining in with the Government of Alberta to recycle fluorescent lighting tubes;
- Recycling printer toner cartridges;
- Sending old computers to Computers for Schools or Government of Alberta surplus sales for reuse or scrap recycling;
- Utilizing virtual servers (many software-defined servers on one physical box) to reduce the number of physical servers;
- Replacing computer equipment with more energy-efficient models; and
- Recycling and refurbishing over 109,000 kg of gaming equipment waste and saving it from landfills.

* Applicable to our St. Albert Head Office location only.

AGLC employees volunteer their time to participate in a spring clean up initiative in St. Albert and support various charitable organizations through fund raising activities. Being responsible members of the community is something we take to heart.

Financial and Activity Highlights

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Financial and Activity Highlights

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LIQUOR HIGHLIGHTS

Over $715 million provided to the General Revenue Fund from liquor sales

Gross profit from liquor sales in 2009-10 was $724.3 million, compared to $684.6 million the previous year. Our liquor sales totaled $2.05 billion. $1.33 billion was paid to suppliers, the federal government in the form of taxes, and for container recycling. Our liquor-related operating and regulatory costs were $20.3 million, leaving $704.0 million which, along with $11.8 million collected for licences, levies, fines and other charges, provided around $715.8 million to the provincial General Revenue Fund.

Liquor sales total $2.05 billion in 2009-10

($ thousands)	2009-10						2008-09	
LIQUOR CLASS	Licences in Effect	Spirits	Wine	Coolers & Cider	Beer	Total Sales	Licences in Effect	Total Sales
A (hotels, bars and lounges)	5,059	$66,436	$25,470	$7,582	$189,355	$288,842	5,015	$308,427
B (facilities where people pay an entrance fee or buy a ticket)	523	549	355	216	5,033	6,153	507	6,540
C (private club)	793	625	1,529	161	4,903	7,218	795	7,853
D (retail outlets that sell liquor for off-premises consumption)	1,868	563,391	374,126	62,647	745,796	1,745,960	1,801	1,692,094
E (brew pubs and liquor manufacturers)	22	–	–	–	1	1	22	2
Other	–	3,261	1,738	145	1,454	6,598	–	5,957
Total	8,265	$634,262	$403,218	$70,751	$946,542	$2,054,773	8,140	$2,020,873

8,265 licences in effect at March 31, 2010

On March 31, 2010, there were 8,265 liquor licences in effect compared to 8,140 the previous year. There were 1,268 privately-owned liquor stores and general merchandise liquor stores compared to 1,210 the previous year.

Liquor Licences By Class	2009-10	2008-09	2007-08	2006-07	2005-06
Class A (open to the public)	5,059	5,015	5,037	5,085	5,160
Class B (facilities where people pay an entrance fee or buy a ticket)	523	507	507	500	492
Class C (private clubs)	793	795	782	780	783
Class D (retail outlets that sell liquor for off-premises consumption)[1]	1,868	1,801	1,800	1,769	1,743
Class E (liquor manufacturers)	22	22	20	20	20
Total	8,265	8,140	8,146	8,154	8,198
Private Retail Liquor Stores					
(included in Class D above)	1,176	1,122	1,098	1,056	1,027
General Merchandise Liquor Stores					
(included in Class D above)	92	88	89	88	94

1 Class D licences are issued for private retail liquor stores, general merchandise liquor stores, off-sales (Class A and Class E licensees also offering sales for off-premises consumption), delivery services, sacramental wine, and to commercial caterers.

Albertans continue to have more choice of liquor products

On March 31, 2010 there were 15,963 different liquor products available to Alberta's 1,268 privately-owned liquor stores and general merchandise liquor stores, compared to 15,872 the previous year.

	2009-10	2008-09	2007-08	2006-07	2005-06
Liquor Products Available	15,963	15,872	14,411	13,455	12,965

Over 3.4 million hectolitres of liquor sold to liquor licensees (including private liquor stores)

In 2009-10, we sold over 3.4 million hectolitres of liquor.

Liquor Sales By Volume (in hectolitres)	2009-10	2008-09	2007-08	2006-07	2005-06
Spirits	243,862	254,205	251,898	243,505	223,546
Wine	326,321	314,746	308,240	288,445	260,400
Coolers and cider	146,983	150,357	150,295	146,765	133,886
Beer	2,705,264	2,715,449	2,662,062	2,643,122	2,447,587
Total Volume	3,422,430	3,434,757	3,372,495	3,321,837	3,065,419

CHARITABLE GAMING HIGHLIGHTS

We are accountable for the conduct and management of gaming activities

Our gaming responsibilities include both charitable gaming and provincial gaming activities. Charitable gaming refers to casino table games, pull-ticket sales, raffles, and bingo events through which licensed charitable and religious groups raise funds. Provincial gaming activities include slot machines, VLTs, electronic bingo, and ticket lotteries. We are accountable for the conduct and management of charitable and provincial gaming activities and we work with stakeholders and partners to create policies, regulations and educational programs that ensure safe and responsible gambling.

Our charitable gaming model

The charitable gaming component of Alberta's gaming model provides opportunities for charitable and religious groups to benefit directly from gaming activities. Non-profit groups across the province earn millions of dollars to support their programs and activities by conducting bingos (paper games) and casinos (table games), selling pull-tickets, and holding raffles. The funds from charitable gaming stay in the community where they help local communities remain vibrant and attractive for residents and newcomers alike.

Charitable and religious groups conducting a casino event keep the proceeds from the table games, less a service fee for the facility operator. In a similar fashion, charities keep all the proceeds they earn from paper bingo, raffles and pull-ticket sales after operating expenses. Charities also receive a portion of the revenues from slot machines, electronic bingo and Keno in the form of a commission.

Charitable gaming facilities

On March 31, 2010, there were 32 licensed bingo facilities and 24 charitable casino facilities in Alberta.

Licensed Bingo Facilities	**2009-10**	2008-09	**2007-08**	2006-07	**2005-06**
Association Bingo Facilities	31	33	40	43	46
Private Operator Bingo Facilities	1	1	2	1	1
Total Licensed Bingo Facilities	32	34	42	44	47
Charitable Casino Facilities					
Traditional Casino Facilities	19	19	19	18	17
First Nations Casino Facilities	5	5	4	1	0
Total Charitable Casino Facilities	24	24	23	19	17

Over 12,000 charitable gaming licences issued

In 2009-10, we issued 4,689 charitable gaming licences compared to 5,082 in the previous year. An additional 7,463 licences were issued by Alberta registry agents on our behalf.

Charitable Gaming Licences Issued	2009-10	2008-09	2007-08	2006-07	2005-06
Bingo	771	1,057	1,027	1,265	1,262
Casino	3,494	3,471	3,424	3,259	2,904
Pull-Ticket	192	283	198	295	228
Raffles over $10,000	232	271	290	296	327
Raffles under $10,000[1]	7,463	6,791	6,326	6,339	–
Total Charitable Gaming Licences Issued	12,152	11,873	11,265	11,454	4,721

1 Licences for raffles under $10,000 are issued from Alberta registry agents on behalf of the Alberta Gaming and Liquor Commission. Data for raffle licences under $10,000 for 2005-06 is unavailable.

Charitable gaming licensees received over $323 million in 2009-10

During 2009-10, charities received a total of $323 million, compared to $335 million the previous year.

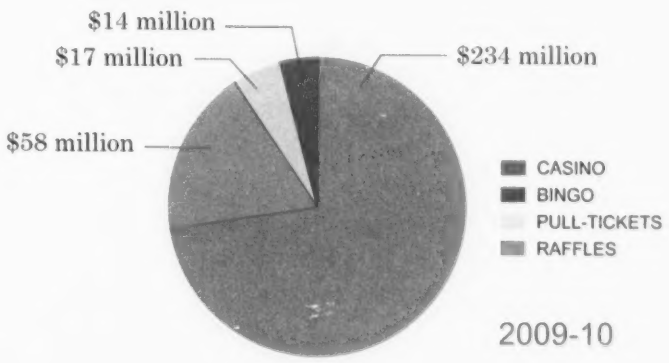
($ thousands)	2009-10							2008-09	
	Licences[1]	Total Gross ($000)	Prizes/ Winnings ($000)	Expenses ($000)	Electronics ($000)	Keno ($000)	Proceeds to Charity ($000)	Licences[1]	Proceeds to Charity ($000)
Casino	3,447	$1,013,636	$818,486	$125,248	$164,632	$18	$234,552	3,426	$252,392
Raffles[2]	5,908	170,137	72,378	40,089	–	–	57,670	5,617	52,880
Pull-Ticket[3]	437	75,808	52,855	5,783	–	–	17,170	457	14,813
Bingo[4]	1,514	139,845	92,428	40,912	7,086	410	14,001	1,774	15,108
Total	11,306	$1,399,426	$1,036,147	$212,032	$171,718	$428	$323,393	11,274	$335,193

1 Bingo and pull-ticket licences are generally in effect for two years. Licences for casinos and raffles are generally for a single event.

2 Includes prior year information for raffles with gross sales over $10,000 and current year information for raffles with gross sales under $10,000.

3 Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold at all other locations.

4 Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under $2,500.



Offering more information to charitable groups

We conduct free information sessions throughout Alberta as a service to charitable groups. The Gaming Information for Charitable Groups (GAIN) program provides information about the responsibilities and requirements of conducting licensed gaming activities. In 2009-10, a new Board Development Program component was incorporated into the GAIN program to provide volunteer board members with awareness of their roles and responsibilities within their organization in the area of governance.

The GAIN program now offers the following sessions:

1. Overview of charitable gaming licensing;
2. Use of gaming proceeds;
3. Combined charitable gaming licensing and use of proceeds session;
4. Casino;
5. Host First Nations; and
6. Special (e.g. conference and convention presentations) sessions that are available upon request.

During 2009-10, we delivered 201 GAIN sessions to more than 2,650 participants in 45 communities throughout Alberta. Since the GAIN program began, facilitators have hosted information sessions in 119 communities across Alberta. Over 25,000 participants from over 8,500 charitable organizations accessed gaming information through the GAIN program.

MLA Committee

The charitable component of Alberta's gaming model benefits eligible organizations by providing them with an opportunity to fundraise through bingo and casino events and selling pull-tickets and raffles.

In September 2009, a three-member MLA Committee was appointed by the Solicitor General and Minister of Public Security to examine specific aspects of Alberta's charitable gaming model including volunteer participation, casino wait times and the distribution of proceeds from licensed casino events to eligible charitable groups. Proceeds from casino events include table game revenue and a 15% commission from slot machine net revenue. Proceeds are pooled and paid on a quarterly basis.

The MLA committee held Province-wide consultation meetings with eligible organizations between October 6-15, 2009 and on November 5–6, 2009. Many groups also made written submissions to the MLA Committee. A final report with recommendations was provided to the Solicitor General and Minister of Public Security on March 31, 2010.

WOW! During 2009-10, 98% of the over 2,650 GAIN participants rated the session as good or excellent!

2009-10 GAIN Statistics

2,653 participants attended these 201 sessions:

- Charitable gaming licensing sessions: 10
- Use of proceeds sessions: 44
- Combined sessions: 105
- Casino sessions: 31
- Special sessions: 11

PROVINCIAL GAMING HIGHLIGHTS

Provincial Gaming

Under the *Criminal Code* (Canada), we are responsible for conducting and managing ticket lotteries (through the Western Canada Lottery Corporation (WCLC)) and all electronic gaming devices (slot machines, VLTs, and electronic bingo). These activities are delivered by independent retailers, private operators, and bingo associations under retailer agreements. We supply and maintain the electronic equipment used for ticket lotteries, slot machines, VLTs, and electronic bingo.

Proceeds to the Alberta Lottery Fund

Net proceeds from provincial gaming activities (VLTs, slot machines, electronic bingo, and ticket lotteries) are deposited in the Alberta Lottery Fund. Benefiting Alberta communities, the Alberta Lottery Fund supports programs, projects and foundations administered by 13 government ministries. Expenditures from the Alberta Lottery Fund are authorized annually by the Provincial Legislature. We administer and manage the Alberta Lottery Fund to enhance the quality of life for all Albertans. Find out more about the Alberta Lottery Fund at **albertalotteryfund.ca**.

In 2009-10, the Alberta Lottery Fund received proceeds of over $1.4 billion. The details of how these funds were used by the ministries are outlined in their annual reports.

Proceeds to the Alberta Lottery Fund ($ millions)	**2009-10**	2008-09	**2007-08**	2006-07	**2005-06**
	$1,405	**$1,512**	**$1,615**	**$1,534**	**$1,389**

$1.4 billion raised to support volunteer, public and community-based initiatives

In 2009-10, gross profit from ticket lotteries, slot machines, VLTs and electronic bingo totaled $2.09 billion, compared to $2.25 billion the previous year. Of this amount, costs of commissions for operators and charities and federal payments amounted to $488 million, while our own gaming-related operating costs were $193 million. The net amount, over $1.4 billion, was transferred to the Alberta Lottery Fund. The following table provides a breakdown for each gaming activity.

					2009-10	2008-09
($ millions)	Slot machines	VLTs	Lottery Ticket	Electronic Bingo	Total	Total
Revenues	$14,621.3	$7,598.3	$626.7	$34.5	$22,880.8	$ 25,047.9
Prizes	13,457.8	6,996.3	317.8	23.6	20,795.5	22,794.8
Gross Profit	1,163.5	602.0	308.9	10.9	2,085.3	2,253.1
Commissions/ Federal Payments	339.6	90.8	54.0	3.4	487.8	541.8
Expenses					($192.7)	($199.8)
Net Operating Results – transferred to the Alberta Lottery Fund					$1,404.8	$ 1,511.5

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Proceeds to the Alberta Lottery Fund

Net proceeds from provincial gaming activities (VLTs, slot machines, electronic bingo, and ticket lotteries) are deposited in the Alberta Lottery Fund. Benefiting Alberta communities, the Alberta Lottery Fund supports programs, projects and foundations administered by 13 government ministries. Expenditures from the Alberta Lottery Fund are authorized annually by the Provincial Legislature. We administer and manage the Alberta Lottery Fund to enhance the quality of life for all Albertans. Find out more about the Alberta Lottery Fund at **albertalotteryfund.ca**.

In 2009-10, the Alberta Lottery Fund received proceeds of over $1.4 billion. The details of how these funds were used by the ministries are outlined in their annual reports.

Proceeds to the Alberta Lottery Fund

($ millions)	2009-10	2008-09	2007-08	2006-07	2005-06
	$1,405	$1,512	$1,615	$1,534	$1,389

$1.4 billion raised to support volunteer, public and community-based initiatives

In 2009-10, gross profit from ticket lotteries, slot machines, VLTs and electronic bingo totaled $2.09 billion, compared to $2.25 billion the previous year. Of this amount, costs of commissions for operators and charities and federal payments amounted to $488 million, while our own gaming-related operating costs were $193 million. The net amount, over $1.4 billion, was transferred to the Alberta Lottery Fund. The following table provides a breakdown for each gaming activity.

					2009-10	2008-09
($ millions)	Slot machines	VLTs	Lottery Ticket	Electronic Bingo	Total	Total
Revenues	$14,621.3	$7,598.3	$626.7	$34.5	$22,880.8	$ 25,047.9
Prizes	13,457.8	6,996.3	317.8	23.6	20,795.5	22,794.8
Gross Profit	1,163.5	602.0	308.9	10.9	2,085.3	2,253.1
Commissions/ Federal Payments	339.6	90.8	54.0	3.4	487.8	541.8
Expenses					($192.7)	($199.8)
Net Operating Results – transferred to the Alberta Lottery Fund					$1,404.8	$ 1,511.5

Slot machine highlights

Total revenues from slot machines decreased 5.6 per cent in 2009-10 to nearly $14.6 billion, compared to $15.5 billion the previous year. Traditional charities and Host First Nation licensed charities receive a 15 per cent commission on gross profit from slot machines during their casino events. Traditional casino operators, Host First Nations (casino facility operator) and Racing Entertainment Centre operators also earn a 15 per cent commission. The remaining 70 per cent is transferred to the Alberta Lottery Fund after AGLC operating costs are deducted.

($ thousands)	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues	$14,621,366	$15,495,445	$15,129,177	$12,618,563	$11,036,721
Prizes	13,457,800	14,263,804	13,927,249	11,620,738	10,172,734
Gross Profit	1,163,566	1,231,641	1,201,928	997,825	863,987
Commissions/ Federal Payments	339,650	369,783	361,323	298,627	258,388
Net Revenue	$823,916	$861,858	$840,605	$699,198	$605,599

Providing variety and choice in Alberta's slot machine games

Slot machines feature many different games and levels of prizes. We regularly introduce new games and change the mix of games in response to player demand.

At March 31, 2010, there were approximately 1,130 game titles available on 12,873 slot machines.

Number of Slot Machines	2009-10	2008-09	2007-08	2006-07	2005-06
Casinos					
Edmonton	4,247	4,145	3,976	3,808	2,556
Calgary	4,561	4,528	4,188	3,429	3,306
Other	3,230	3,171	2,860	2,160	2,047
Racing Entertainment Centres (RECs)	835	836	835	835	749
Total	12,873	12,680	11,859	10,232	8,658

Video lottery terminal highlights

Total revenues from video lottery terminals decreased 14.5 per cent in 2009-10 to $7.6 billion, compared to $8.9 billion the previous year. The AGLC pays a 15 per cent commission on gross profit to VLT retailers for the services provided. The remaining 85 per cent is transferred to the Alberta Lottery Fund after AGLC operating costs are deducted.

($ thousands)	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues	$7,598,298	$8,884,631	$10,553,986	$11,074,490	$10,453,890
Prizes	6,996,360	8,178,842	9,716,012	10,198,209	9,625,637
Gross Profit	601,938	705,789	837,974	876,281	828,253
Commissions/ Federal Payments	90,771	113,850	135,203	141,215	133,488
Net Revenue	$511,167	$591,939	$702,771	$735,066	$694,765

A reduced VLT Network

In accordance with government policy, the AGLC maintains a VLT network of no more than 6,000 VLTs. Since 2001, the AGLC has continually reduced its VLT network and as of March 31, 2010 there were 5,983 VLTs operating at 1,032 locations in Alberta. 71 of these locations were Video Gaming Entertainment Rooms (VGERs). VLT retailers can have between two to ten VLTs while VGERs, which have higher facility standards, can have up to 25 VLTs. Since 2001, VLT locations in Alberta have been reduced by 18%.

	2009-10	2008-09	2007-08	2006-07	2005-06
Number of operating VLTs	5,983	5,964	5,986	5,981	5,981
VLT retail locations	1,032	1,030	1,051	1,060	1,079
Video Gaming Entertainment Rooms (VGERs) (included in total retail locations above)	71	70	67	61	53

Ticket lottery highlights

Total revenues from ticket lotteries decreased 0.9 per cent in 2009-10 compared to the previous year. In 2009-10, 50.7 per cent of ticket lottery sales were returned to players as prizes. There were 355 winners of $10,000 or more, including 9 winners of $1 million or more.

($ thousands)	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues	$626,707	$632,172	$604,193	$578,252	$508,195
Prizes	317,794	327,382	320,722	300,509	258,414
Gross Profit	308,913	304,790	283,471	277,743	249,781
Commissions/Federal Payments	54,040	54,671	52,276	50,429	44,998
Net Revenue	$254,873	$250,119	$231,195	$227,314	$204,783

Over 2,400 ticket lottery retailers

In 2009-10, Albertans could buy 9 different types of ticket lottery products at 2,466 lottery ticket centres.

	2009-10	2008-09	2007-08	2006-07	2005-06
Total Lottery Ticket Centres	2,466	2,392	2,342	2,310	2,280

Keno available in 80 facilities throughout Alberta

Albertans could also play Keno, a type of ticket lottery, at 18 bingo halls, 13 casinos, and 49 Video Gaming Entertainment Rooms (VGERs) in 2009-10.

	2009-10	2008-09	2007-08	2006-07	2005-06
Bingo halls offering Keno	18	21	25	28	26
Casinos offering Keno	13	13	12	12	9
Video Gaming Entertainment Rooms offering Keno	49	48	47	50	46
Total Keno Facilities	80	82	84	90	81

A new game in town

The AGLC strives to maximize player experience in ticket lotteries and we work with other lottery jurisdictions to achieve that. On September 19, 2009, a new national lottery game, LOTTOMAX, was launched. This new game replaced the SUPER 7 national lottery game after lottery jurisdictions across Canada worked together to research and develop the LOTTOMAX game. LOTTOMAX is the first of its kind for national lottery games in Canada and offers players $10 million minimum jackpots and additional MAXMILLIONS draws once the main jackpot exceeds $50 million. The jackpot reached $50 million twice in 2009-10 resulting in strong sales.

Ticket Lottery Sales ($ thousands)	**2009-10**	2008-09	**2007-08**	2006-07	**2005-06**
Ticket Type					
Lotto 6/49	$199,677	$227,613	$211,105	$184,633	$165,725
Instant	144,993	162,450	162,425	152,897	134,212
Super 7[1]	35,464	70,366	61,487	77,926	37,499
LottoMax[1]	82,923	–	–	–	–
Extra	63,108	65,587	62,245	61,257	56,138
Sport Select	47,962	47,726	44,764	43,781	39,641
Western 6/49	32,227	32,450	30,791	31,513	30,586
Pick 3	13,429	13,639	13,221	12,529	12,029
Millionaire Life	–	5,177	6,061	9,602	–
Pay Day	3,785	3,842	8,135	–	–
Keno	3,139	3,322	3,959	4,114	2,365
Total	$626,707	$632,172	$604,193	$578,252	$508,195

1 On September 19, 2009 Super7 was replaced with LottoMax

A diverse team of AGLC employees worked hard to ensure the successful launch of the new LOTTOMAX game. Almost 2,500 lottery sites were visited in the two week period prior to the launch in preparation for LOTTOMAX.

Electronic bingo highlights

Total revenues from electronic bingo decreased 3.5 per cent in 2009-10 to $34.5 million, compared to $35.7 million the previous year. Licensed charities receive a 15 per cent commission on gross profit from electronic bingo during their bingo events. Bingo associations and private operators (bingo facility operators) also earn a 15 per cent commission. The remaining 70 per cent is returned to the licensed charities through the Alberta Lottery Fund after AGLC operating costs are deducted.

($ thousands)	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues	$34,469	$35,718	$42,019	$36,582	$28,188
Prizes	23,562	24,786	29,105	24,510	18,616
Gross Profit	10,907	10,932	12,914	12,072	9,572
Commissions/ Federal Payments	3,367	3,501	4,129	4,085	3,116
Net Revenue	$7,540	$7,431	$8,785	$7,987	$6,456

Bingo Alberta

We have fostered a positive working relationship with Bingo Alberta, the industry association representing licensed bingo facilities throughout Alberta. This relationship has been facilitated by the strength of the Bingo Alberta Board and the diligent efforts of the industry. Bingo Alberta has set an agenda for the survival of the industry, and we are pleased with the opportunity to be part of that.

Electronic Bingo (DIGI) Replacement

In 2009-10, we replaced the electronic bingo devices (DIGIs) available in bingo halls across Alberta. The new DIGI 2 units offer color touch screen technology as well as wireless communication. The new devices have been deployed in all 21 bingo halls offering electronic bingo. Players can choose to play bingo electronically, through traditional paper bingo, or both.

The enhanced capability of the DIGI 2 units presents new product development opportunities for the bingo industry in Alberta. In March 2010, we initiated a trial of personal play games on the new units in four test bingo halls. The personal play games can be played in conjunction with the regular bingo event or on their own. The functionality and product offerings of the new suite of games will be evaluated during the trial.

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Performance Results

AGLC employees work hard to monitor trends in the gaming and liquor industries as well as consumer demand and the opinions of Albertans. We strive to ensure transparency and accountability in Alberta's gaming and liquor industries to achieve maximum benefit for Albertans.

The Year in Review

Each year, the AGLC reports on its performance relative to a set of performance measures and targets identified in our published Business Plan, which is available on our website at **aglc.ca**.

Why does the AGLC measure performance?

1. Improved Transparency and Communication

   Sharing the results of our performance with stakeholders and members of the public allows us to communicate what is working well, and what can be improved upon. These results help us to be as transparent as possible in evaluating our performance.

2. Measuring Results Ensures Accountability

   By identifying performance measures and targets in our Business Plan and reporting on the results in our Annual Report, we promote accountability at all levels of the organization. It reinforces the message that performance is being monitored.

3. Supports Good Decision Making

   By using performance measures results, we are able to make informed decisions based on evidence – as opposed to anecdotal or random observations.

How do we measure results?

For our survey based performance measures, we conduct annual public and client satisfaction surveys. The surveys are administered by a third party survey firm on behalf of the AGLC. For our annual Survey of Albertans, participants are drawn from the most recent residential phone listings to ensure a random and representative sample. The latest Statistics Canada population estimates are used to ensure results are proportionate to Alberta's population. For our client satisfaction surveys, a random sample of clients are surveyed and the results are weighted proportionately to reflect the relative size of the client group in the corresponding population.

Other performance measures are calculated based on data taken from AGLC databases.

How did we do?

We met or exceeded our performance targets for 12 of the 15 measures.

The following results exceeded their targets by five per cent or more:

- Percentage of Albertans satisfied with the availability of gaming products and services
- Percentage of gaming integrity issues resolved within established timeframes

Of the remaining performance measures results that did not meet the 2009-10 target, none were five per cent or more under target.

A detailed analysis of the results is available on pages 44 to 55. A quick summary of results is listed on pages 42 to 43.

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CORE BUSINESS 1: License and Regulate Liquor Activities

GOAL 1

Liquor activities are conducted with integrity and in a socially responsible manner

	TARGET	2009-10	2008-09	2007-08	2006-07	2005-06
Percentage of liquor licensees who comply with legislation, regulations and policy	95.0%	97.2%	92.6%	94.5%	95.5%	93.8%
Percentage of Albertans surveyed who are satisfied that liquor is provided in a responsible manner	95.0%	94.3%	92.1%	93.8%	94.5%	93.1%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse	90.0%	90.0%	86.1%	87.0%	93.0%	93.0%

GOAL 2

Liquor licensing activities are effective and efficient

	TARGET	2009-10	2008-09	2007-08	2006-07	2005-06
Percentage of liquor licences and registrations completed within established timeframes	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of liquor industry clients who are satisfied with the level of service provided by the AGLC	93.0%	94.0%	94.0%	91.0%	83.0%	94.0%

CORE BUSINESS 2: License and Regulate Charitable Gaming Activities

GOAL 3

Charitable gaming activities are conducted with integrity and in a socially responsible manner

	TARGET	2009-10	2008-09	2007-08	2006-07	2005-06
Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy	98.0%	99.5%	99.4%	99.4%	99.4%	99.5%
Percentage of charitable gaming financial reports produced within established timeframes	95.0%	98.5%	96.0%	96.7%	85.9%	62.3%
Percentage of Albertans surveyed who are satisfied that the charitable gaming activity they participated in was provided fairly and in a responsible manner	95.0%	95.2%	95.7%	95.7%	94.8%	93.9%

GOAL 4

Charitable gaming licensing activities are effective and efficient

	TARGET	2009-10	2008-09	2007-08	2006-07	2005-06
Percentage of charitable gaming licences and registrations completed within established timeframes	98.0%	99.7%	99.6%	99.7%	99.4%	98.9%
Percentage of charitable gaming licensees who are satisfied with the level of service provided by the AGLC	95.0%	96.0%	95.0%	96.0%	94.0%	95.0%

CORE BUSINESS 3: Conduct and Manage Provincial Gaming Activities

GOAL 5

The availability and delivery of provincial gaming products and activities are balanced with consumer demand, social responsibility, and economic benefit to Albertans

	TARGET	2009-10	2008-09	2007-08	2006-07	2005-06
Percentage of Albertans satisfied with the availability of gaming products and activities	70.0%	80.0%	72.2%	74.0%	73.0%	70.0%
Percentage of Albertans surveyed who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner	90.0%	93.5%	89.9%	92.4%	90.8%	90.0%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling	85.0%	84.0%	81.0%	83.0%	89.0%	89.0%

GOAL 6

Gaming operations are progressive, effective, efficient, and conducted with integrity

	TARGET	2009-10	2008-09	2007-08	2006-07	2005-06
Percentage of retailers satisfied with AGLC services related to VLTs, slot machines electronic bingo, Keno and ticket lotteries	98.0%	94.0%	98.0%	99.0%	98.0%	99.0%
Percentage of gaming integrity issues resolved within established timeframes	93.0%	98.3%	99.2%	92.7%	93.1%	90.0%

CORE BUSINESS 1: License and Regulate Liquor Activities

Goal 1

Liquor activities are conducted with integrity and in a socially responsible manner

PERFORMANCE MEASURE: Percentage of liquor licensees who comply with legislation, regulations and policy.

It's our responsibility to ensure liquor licensees meet standards laid out in the *Gaming and Liquor Act*, Gaming and Liquor Regulation, and our policies. Our staff monitor the operations of licensed premises by conducting inspections, investigations and audits. We also strive to build relationships with our stakeholders and clients by conducting training seminars for staff of licensed premises.

In 2009-10, AGLC inspectors conducted 35,064 inspections – this works out to over 95 inspections a day! As a result of these inspections, 188 liquor licensees were issued a penalty.

When an inspector visits licensed premises and detects an infraction, the inspector files an incident report which documents the alleged violation. Typically, incident reports filed for non-compliant liquor establishments address the following:

- Failing to request proof of age from patrons who appear to be under 25 years of age;
- Selling liquor to minors or allowing minors in age-restricted facilities;
- Serving liquor to intoxicated patrons;
- Serving liquor after hours;
- Failing to provide proper supervision and control (e.g., not having enough staff on duty and/or employing staff who are not properly trained to deal with situations that might occur in licensed premises); or
- Selling illegal liquor.

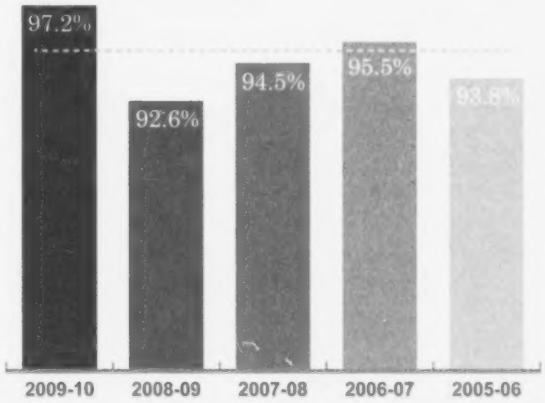
Depending on the violation, disciplinary action can range from a warning to a monetary penalty. Occasionally, a liquor licence is suspended or cancelled.

When this occurs, the licensee may appeal the decision. In this case, the licensee appears before the Board of the AGLC for a hearing. In 2009-10, the AGLC Board held 22 liquor-related hearings, slightly less than the 25 hearings held in 2008-09.

Based on the average number of licences during the year, the vast majority of licensees — 97.2 per cent — met the requirements for compliance. This result exceeds the 2009-10 target of 95.0 per cent. We take our regulatory role very seriously and will continue to work with our stakeholders and clients to achieve the highest level of compliance possible.

PERCENTAGE OF LIQUOR LICENSEES WHO COMPLY WITH LEGISLATION, REGULATIONS AND POLICY.

2009-10 Target – 95.0%



Source: Stakeholder Database. Report generated using the AGLC Regulatory Integrity Compliance and Education (RICE) system.

Notes:

- Licensees consist of five different classes of liquor licences, as well as registrants and Special Event licences.
- In 2009-10, 88% of all licensees were inspected. The percentage of all licensees inspected in 2008-09 was 88%, 84% in 2007-08, and 74% in 2006-07.
- Cautions (verbal warnings) are not included in the results.

	2009-10	2008-09	2007-08
Average number of licensees	6,585	6,489	6,449
Number of licensees who received penalties	188	481	353

PERFORMANCE MEASURE: Percentage of Albertans surveyed who are satisfied that liquor is provided in a responsible manner.

In the province of Alberta, individuals 18 years of age or older can purchase liquor at liquor stores or at other licensed premises, such as restaurants, lounges or bars. We work collaboratively with stakeholders and clients to encourage the responsible sale and consumption of liquor in the province. To determine whether or not this goal is being achieved, we monitor Albertans' satisfaction with the responsible provision of liquor.

Each year, public satisfaction is measured through a survey of a representative sample of Albertans.

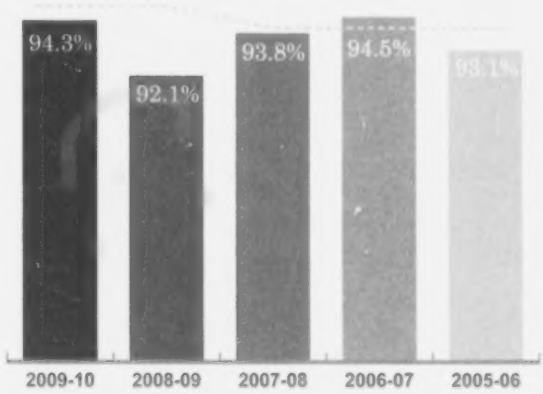
In 2009-10, 94.3 per cent of respondents were 'very satisfied', 'satisfied', or 'somewhat satisfied' that liquor is provided in a responsible manner. This is consistent with the results obtained in previous years and slightly below the 2009-10 target of 95.0 per cent. We will continue to monitor this performance measure to ensure satisfaction levels remain high.

The results for this performance measure were obtained by using a weighted average for the following:

- Respondents' level of satisfaction with the sale of liquor in a responsible manner
- Respondents' level of satisfaction with the service of liquor in a responsible manner.

PERCENTAGE OF ALBERTANS SURVEYED WHO ARE SATISFIED THAT LIQUOR IS PROVIDED IN A RESPONSIBLE MANNER.

2009-10 Target – 95.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* Target was 95.0% in 2008-09 and 2009-10 and 94.0% between 2005-06 and 2007-08.

** There is a 95 per cent certainty that the results are accurate to ±3.1 per cent.

PERFORMANCE MEASURE: Percentage of Albertans aware of prevention and treatment programs for alcohol abuse.

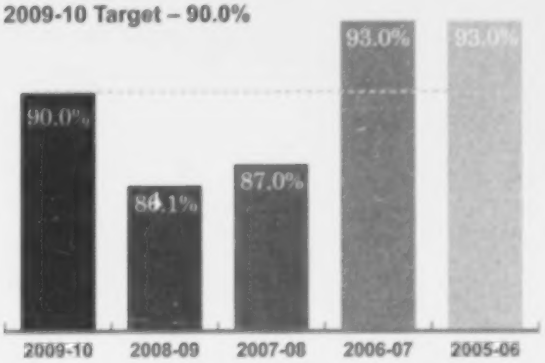
Statistics show that the majority of Albertans - about three quarters - drink some alcohol. Most do not have any concerns with their drinking. However, we are committed to working with stakeholders like Alberta Health Services to ensure that individuals who need assistance are aware of the prevention and treatment programs available to them.

To measure awareness, we conduct an annual survey of a random and representative sample of Albertans.

In 2009-10, 90.0 per cent of respondents indicated that they have heard, seen or read material related to the prevention and treatment programs for alcohol abuse. This results represents a significant increase over the result obtained in the previous year and meets the 2009-10 target of 90.0 per cent.

PERCENTAGE OF ALBERTANS SURVEYED WHO ARE AWARE OF PREVENTION AND TREATMENT PROGRAMS FOR ALCOHOL ABUSE.

2009-10 Target – 90.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* There is a 95 per cent certainty that the results are accurate to ±3.1 per cent.

Goal 2

Liquor licensing activities are effective and efficient

PERFORMANCE MEASURE: Percentage of liquor licences and registrations completed within established timeframes.

We are committed to service excellence and we strive to provide our thousands of clients with timely and courteous service. One of the many services provided by the AGLC involves the licensing of all premises at which there is the manufacture, storage or service of liquor. We also register companies that represent liquor suppliers in the sale of the supplier's liquor.

The number of licences and registrations in effect varies from month to month. As of March 31, 2010, there were 8,265 licences in effect (compared to 8,140 at March 31, 2009).

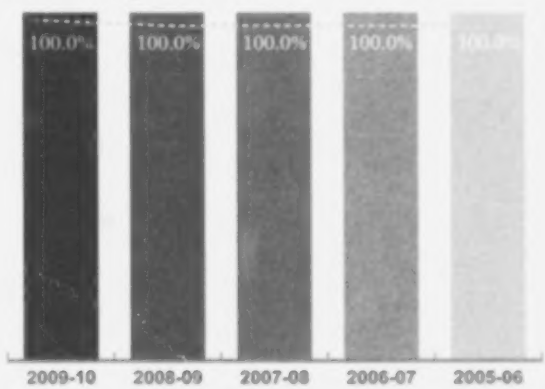
The timeframe for processing liquor licences and registrations is measured in days. It is calculated from the date a complete application is received to the date the required licence or registration is issued.

Different types of applications require different levels of approval and as a result, some applications may take longer than others to process. As such, we have customized target response times to the type of application. Our performance with regard to application processing is expressed as the percentage of applications processed within established timeframes.

The results indicate that 100 per cent of a total of 1,066 liquor licences and registrations were completed within the target timeframes. This continues a trend of excellent results for this particular performance measure and exceeding the target of 99.0 per cent. We are able to achieve continued good results by ensuring staff are cross-trained and able to process different types of licences and applications, allowing supervisors to redirect staff to busier streams as needed.

PERCENTAGE OF LIQUOR LICENCES AND REGISTRATIONS COMPLETED WITHIN ESTABLISHED TIMEFRAMES.

2009-10 Target – 99.0%



Source: Licensing Management System

* Target was 98.0% between 2005-06 and 2008-09.

Category	Target Response Time	2009-10 Totals Processed	2009-10 Processed within Target Time Frame	2008-09 Totals Processed	2008-09 Processed within Target Time Frame
New Licences	21 days	1,018	100%	963	100%
Special Event Licences	14 days	895	100%	811	100%
Liquor Agency Registrations	7 days	48	100%	37	100%
Totals		1,961	100%	1,811	100%

PERFORMANCE MEASURE: Percentage of liquor industry clients who are satisfied with the level of service provided by the AGLC.

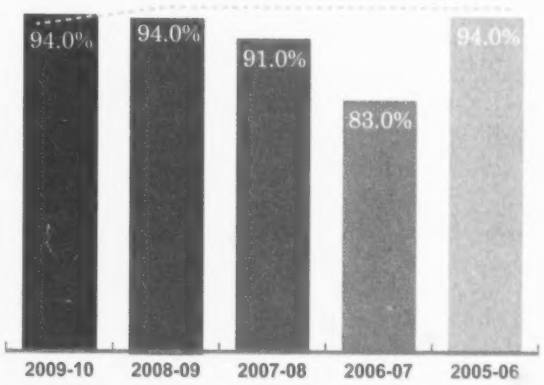
We are committed to a culture of continuous improvement and thus contact our clients annually to determine what is working well, and what can be improved upon.

Client satisfaction was measured through an independently administered telephone survey of a random sample of 364 of 6,634 liquor licensees and 182 of 344 registered liquor agencies. The results were weighted to reflect the relative size of these two subgroups within the liquor industry.

Respondents were asked to rate their satisfaction with AGLC services received in the previous 12 months. The survey found that 94.0 per cent of respondents were 'very satisfied', 'satisfied' or 'somewhat satisfied' with the overall services provided. While this result exceeds the 2009-10 target of 93.0 per cent, it is consistent with the results achieved in the previous year. The AGLC will work with clients and stakeholders to ensure it continues to provide high quality service.

PERCENTAGE OF LIQUOR INDUSTRY CLIENTS WHO ARE SATISFIED WITH THE LEVEL OF SERVICE PROVIDED BY THE AGLC.

2009-10 Target – 93.0%



Source: 2009-10 Survey of Liquor Industry Clients – Leger Marketing

* Target was 95.0% between 2005-06 and 2008-09.

** There is a 95 per cent certainty that the results are accurate within ±4.1 per cent.

CORE BUSINESS 2: License and Regulate Charitable Gaming Activities

Goal 3

Charitable gaming activities are conducted with integrity and in a socially responsible manner

PERFORMANCE MEASURE: Percentage of charitable gaming activities that are conducted in accordance with legislation, regulation and policy.

It's our responsibility to ensure that charitable gaming activities (bingos, casino table games, pull-tickets and raffles) meet the standards laid out in the *Gaming and Liquor Act*, Gaming and Liquor Regulation, and our policies. Our staff take this commitment very seriously and ensure compliance by inspecting licensed gaming facilities and events. Inspection types and frequencies differ for different kinds of charitable gaming activities and consist of operational, maintenance and site visits.

Compliance of charitable gaming activities is measured by the number of inspections resulting in penalties generated as a result of AGLC inspections of licensed gaming facilities and events.

Most times, an incident report will be handed out in the same year it was issued. However, we occasionally encounter situations where the incident report is issued in the prior year and the penalty is handed out in the current year. For example, an incident report generated in 2008-09 with a penalty handed out in 2009-10 is included as part of the 2009-10 result.

While most charitable gaming activities are in compliance with legislation, regulation and policy, sometimes AGLC staff encounter non-compliant gaming operations. Typical instances of non-compliance include:

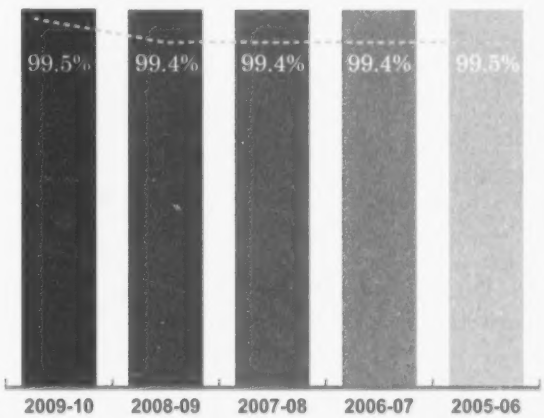
- Using gaming proceeds for inappropriate purposes; or
- Conducting raffles or pull-ticket sales in contravention of licence terms.

In 2009-10, charitable gaming inspections totaled 4,651. That works out to almost 13 inspections per day. Only 24 inspections resulted in penalties, representing approximately 0.5 per cent of the total number of inspections.

The results show that in 99.5 per cent of cases inspectors found charitable gaming activities to be in compliance with legislation and policy. This exceeds the 2009-10 target of 98 per cent and is consistent with the results achieved in the previous year.

PERCENTAGE OF CHARITABLE GAMING ACTIVITIES THAT ARE CONDUCTED IN ACCORDANCE WITH LEGISLATION, REGULATION AND POLICY.

2009-10 Target – 98.0%



Source: Stakeholder Database. Report is generated using the AGLC Regulatory Integrity Compliance and Education (RICE) System.

* Target was 95.0% between 2005-06 and 2008-09.

Charitable Gaming Compliance Statistics

	2009-10	2008-09	2007-08	2006-07
Inspections Conducted	4,651	5,140	4,888	4,910
Inspections Resulting in Penalties	24 (0.5% of all licensees)	30 (0.6% of all licensees)	31 (0.6% of all licensees)	28 (0.6% of all licensees)
Compliance Rate	99.5%	99.4%	99.4%	99.4%

PERFORMANCE MEASURE: Percentage of charitable gaming financial reports produced within established timeframes.

By producing gaming financial reports, we ensure that groups participating in charitable gaming utilize the proceeds from these events for charitable or religious purposes. Charities that spend gaming proceeds for purposes that have not been approved are required to return these amounts to their gaming accounts. Financial reporting procedures apply to gaming event revenue and expenses and to the use of charitable gaming funds.

Charitable gaming financial reports are prepared by us and sent to the charitable and religious organizations for review and verification. The timeframe for preparing charitable gaming financial reports is measured in days, calculated from the end date of the charity's gaming licence or the anniversary date of multi-year gaming licences and gaming consolidated reports.

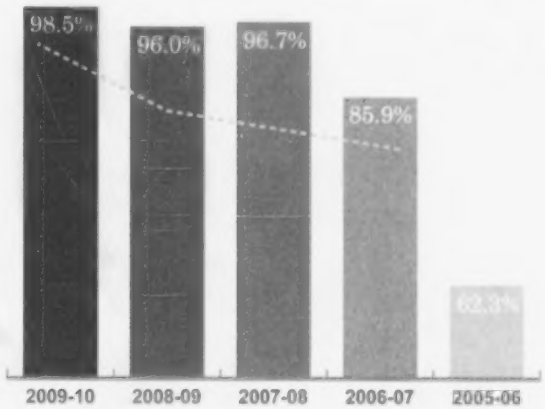
Our Financial Gaming Review System tracks charitable gaming financial reports and automatically generates a target response time based on the type of report required. Different kinds of reports take different amounts of time to prepare. The system tracks expected and actual report completion dates.

This performance measure is calculated by dividing the number of financial reports mailed on time by the total number of financial reports. For 2009-10, financial reports were produced within established timeframes 98.5 per cent of the time.

The result is 3.5 per cent above the 2009-10 target of 95.0 per cent. The results for this performance measure continue to exceed the target as we continue to benefit from improved processes and procedures established three years ago.

PERCENTAGE CHARITABLE GAMING FINANCIAL REPORTS PRODUCED WITHIN ESTABLISHED TIMEFRAMES.

2009-10 Target- 95.0%



Source: AGLC Performance Measures Audit Details Report
*Target was 80.0% in 2007-08 and 85.0% in 2008-09.

Report response times for different gaming categories

		2009-10		2008-09	
Category	Target Response Time	Totals Processed	Processed within Target Time Frame	Totals Processed	Processed within Target Time Frame
Licensed Bingo Facility Bingos	10 weeks	1,417	1,394 (98.4%)	1,654	1,514 (91.6%)
Community Bingos	10 weeks	223	194 (87.4%)	225	181 (80.4%)
Casinos	20 weeks	3,446	3,435 (99.7%)	3,447	3,429 (99.5%)
Pull-Tickets	10 weeks	430	417 (97.0%)	437	396 (90.6%)
Raffles	10 weeks	281	278 (98.9%)	273	270 (98.9%)
Consolidated Gaming Funds Financial Reports	10 weeks	446	430 (96.4%)	453	442 (97.6%)
Totals		6,243	6,148 (98.5%)	6,489	6,232 (96.0%)

PERFORMANCE MEASURE: Percentage of Albertans satisfied that the charitable gaming activity they participated in was provided fairly and in a responsible manner.

It's our responsibility to ensure that charitable gaming activities in the province are conducted with the utmost integrity. To accomplish this, we inspect licensed gaming facilities and events and monitor compliance with legislation, regulation and our policies.

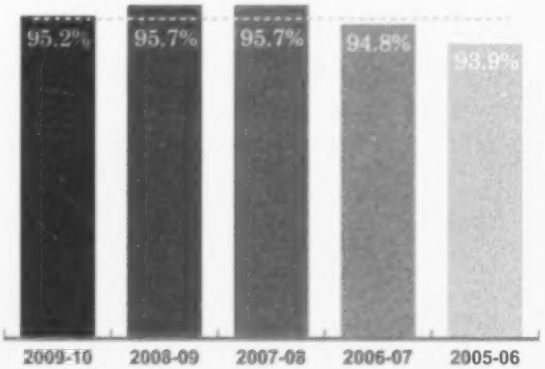
Additionally, we monitor Albertans' satisfaction with the fairness and level of responsibility with which charitable gaming activities were provided. If players encountered gaming irregularities while participating in charitable gaming activities, overall levels of satisfaction would likely decline.

Public satisfaction was measured through an independently administered survey of a random and representative sample of Albertans.

Results show that 95.2 per cent of respondents were 'very satisfied', 'satisfied', or 'somewhat satisfied' that the charitable gaming activity they participated in was provided both fairly and responsibly. This result meets the 2009-10 target of 95.0 per cent and is consistent with results obtained in the last two years.

PERCENTAGE OF ALBERTANS SURVEYED WHO ARE SATISFIED THAT THE CHARITABLE GAMING ACTIVITY THEY PARTICIPATED IN WAS PROVIDED FAIRLY AND IN A RESPONSIBLE MANNER.

2009-10 Target – 95.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* There is a 95 per cent certainty that the results are accurate to ±3.1 per cent.

Goal 4

Charitable gaming licensing activities are effective and efficient

PERFORMANCE MEASURE: Percentage of charitable gaming licences and registrations completed within established timeframes.

We attempt to process all charitable gaming licences and registrations within a specified period of time to meet the expectations of the thousands of charitable and religious groups we serve on an ongoing basis. This performance measure addresses the degree to which we accomplish this goal.

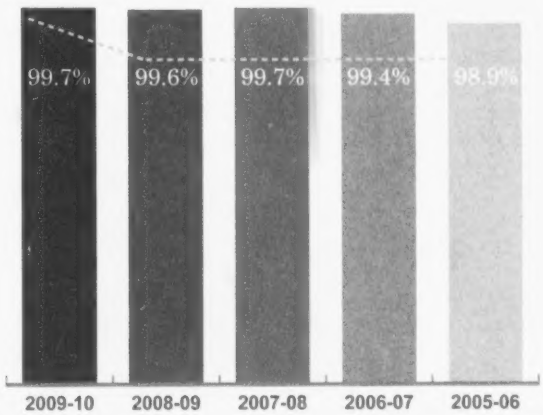
Charitable and religious groups must apply for and receive licences to hold casino events, bingos, raffles, and pull-ticket sales. Also, gaming workers paid to help licensees in either operating a facility or conducting gaming activities are registered by the AGLC.

The timeframe for processing gaming licences and registrations is measured in days calculated from the date a complete application is received by us to the date the required licence or registration is issued. Different types of applications require different levels of approval and some applications may take longer than others to process. These types of applications have longer timeframes. Our performance with regard to application processing is expressed as the percentage of applications processed within established timeframes.

During 2009-10, 99.7 per cent of the 10,651 applications for gaming licences and registrations were processed within targeted timeframes, compared to last year's result of 99.6 per cent for 12,212 applications. This exceeds the 2009-10 target of 95.0 per cent. These continued good results stem from an adjustment that was made to the way applications are managed internally. As a result of the changes, an Eligibility Unit first determines if an application meets eligibility requirements and then forwards the application to the appropriate staff, enhancing efficiency.

PERCENTAGE OF CHARITABLE GAMING LICENCES AND REGISTRATIONS COMPLETED WITHIN ESTABLISHED TIMEFRAMES.

2009-10 Target – 98.0%



Source: Gaming Licensing System and Gaming Registration System.
* Target was 95% between 2005-06 and 2008-09.

		2009-10		2008-09	
Category	Target Response Time	Totals Processed	Processed within Target Time Frame	Totals Processed	Processed within Target Time Frame
Bingo Licences	12 weeks	771	100.0%	1,057	99.9%
Casino Licences	12 weeks	3,494	99.1%	3,471	98.9%
Pull-Ticket Licences	4 weeks	192	100.0%	283	96.8%
Raffle Licences	8 weeks	293	98.6%	271	99.6%
Gaming Worker Registrations	6 weeks	5,901	100.0%	7,130	100%
Totals		10,651	99.7%	12,212	99.6%

PERFORMANCE MEASURE: Percentage of charitable gaming licensees who are satisfied with the level of service provided by the AGLC.

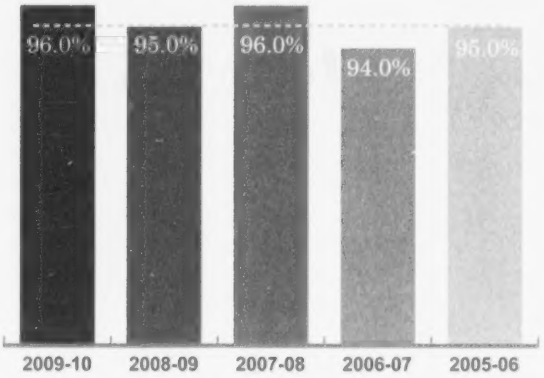
We endeavour to provide charitable gaming licensees with exceptional customer service. To gauge client satisfaction, charitable gaming licensees are surveyed each year to determine what is working well, and what can be improved upon. Clients are asked to rate their satisfaction with AGLC services in the previous 12 months.

Client satisfaction was measured by an independently administered survey of a randomly selected representative sample of charitable gaming licensees. The sample included 306 of 1,196 bingo licensees, 346 of 2,500 casino licensees, 210 of 450 pull-ticket licensees and 139 of 286 raffle licensees. The survey method ensured that charitable groups holding more than one type of gaming licence were surveyed only once. The results were weighted to reflect the relative size of each subgroup within the overall population of charitable gaming licences.

Overall, 96.0 per cent of respondents indicated that they were satisfied with AGLC service, exceeding the target of 95.0 per cent. Our employees are proud to recognize the importance of customer service and these consistently high levels of satisfaction demonstrate our success.

PERCENTAGE OF CHARITABLE GAMING LICENSEES WHO ARE SATISFIED WITH THE LEVEL OF SERVICE PROVIDED BY THE AGLC.

2009-10 Target – 95.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* There is a 95 per cent certainty that the results are accurate within ±2.8 per cent.

CORE BUSINESS 3: Conduct and Manage Provincial Gaming Activities

Goal 5

The availability and delivery of provincial gaming products and activities are balanced with consumer demand, social responsibility, and economic benefit to Albertans

PERFORMANCE MEASURE: Percentage of Albertans satisfied with the availability of gaming products and activities.

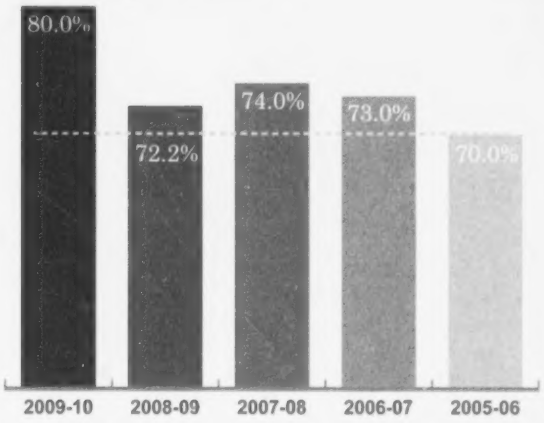
The AGLC ensures that the availability of gaming products and activities in Alberta reflects Albertans' wishes to ensure that the right balance is in place. To ensure that we achieve this we survey Albertans on a yearly basis.

Public satisfaction was measured through an independently administered survey of a random and representative sample of Albertans.

80.0 per cent of respondents were 'very satisfied', 'satisfied' or 'somewhat satisfied' with the availability of gaming products and activities. This exceeds the target of 70 per cent and is significantly higher than the results obtained over the past five years. Based on these continued good results, we are confident that most Albertans are satisfied with the balance of gaming in the province.

PERCENTAGE OF ALBERTANS SATISFIED WITH THE AVAILABILITY OF GAMING PRODUCTS AND ACTIVITIES.

2009-10 Target – 70.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* There is a 95 per cent certainty that the results are accurate to ±3.1 per cent.

PERFORMANCE MEASURE: Percentage of Albertans who are satisfied that the provincial gaming activity they participated in was provided fairly and in a responsible manner.

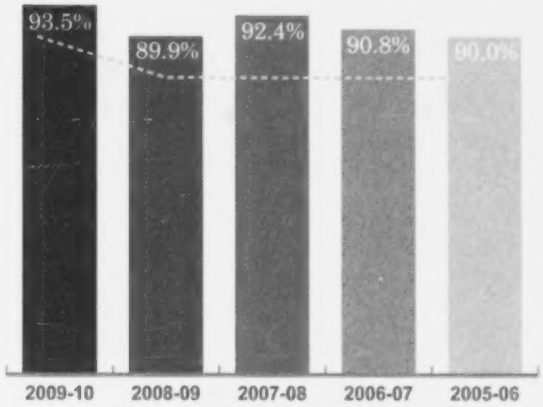
We are responsible for ensuring the integrity of ticket lotteries, slot machines, VLTs and electronic bingo.

It is important that these provincial gaming activities are provided in compliance with legislation, regulation and our policies. We measure and report on compliance, but also regularly monitor Albertans' satisfaction with provincial gaming activities. To do this, we ask Albertans if they feel these activities were provided fairly and responsibly.

Public satisfaction was measured through an independently administered survey of a random and representative sample of Albertans. 93.5 per cent of respondents were 'very satisfied', 'satisfied' or 'somewhat satisfied' with the availability of gaming products and activities, exceeding the target of 90 per cent and significantly improving upon the results obtained last year. Based on these continued good results, we are confident that most Albertans are satisfied that provincial gaming activities are provided fairly and in a responsible manner.

PERCENTAGE OF ALBERTANS SURVEYED WHO ARE SATISFIED THAT THE PROVINCIAL GAMING ACTIVITY THEY PARTICIPATED IN WAS PROVIDED FAIRLY AND IN A RESPONSIBLE MANNER.

2009-10 Target – 90.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* Target was 85.0% between 2005-06 and 2008-09.

** There is a 95 per cent certainty that the results are accurate to ±3.1 per cent.

PERFORMANCE MEASURE: Percentage of Albertans aware of prevention and treatment programs for problem gambling.

We encourage Albertans to gamble responsibly. On our own and in conjunction with industry partners, we have developed a number of programs and initiatives intended to help gaming licensees and Albertans meet social responsibility requirements set out in legislation, regulation and our policies.

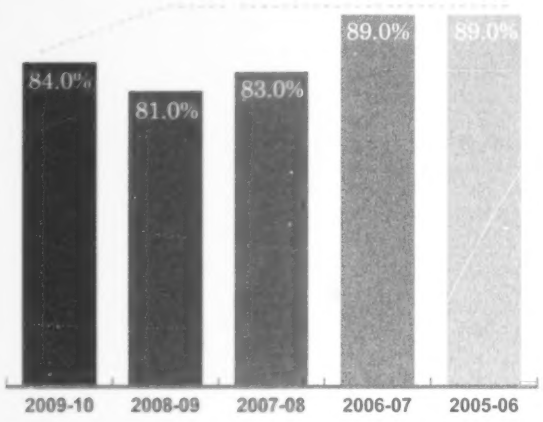
We realize that despite these efforts, some individuals may have problems with their gambling. As such, we work with Alberta Health Services to distribute information regarding the addictions treatment, education and prevention services provided by Alberta Health Services. This performance measure determines the degree to which Albertans are knowledgeable about the existence of these services.

Awareness was measured through an independently administered survey of a randon and representative sample of Albertans.

84.0 per cent of respondents were aware of prevention and treatment programs for problem gambling. While the results do not exceed the 2009-10 target of 85.0 per cent, they represent a significant increase over the results obtained last year. While over eight in ten Albertans are aware of prevention and treatment programs, we will continue to work with Alberta Health Services to promote gambling-related services available to Albertans in an effort to increase awareness even further.

PERCENTAGE OF ALBERTANS SURVEYED WHO ARE AWARE OF PREVENTION AND TREATMENT PROGRAMS FOR PROBLEM GAMBLING.

2009-10 Target – 85.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* Target was 90.0% between 2005-06 and 2008-09.

** There is a 95 per cent certainty that the results are accurate to ±3.1 per cent.

Goal 6

Gaming operations are progressive, effective, efficient, and conducted with integrity

PERFORMANCE MEASURE: Percentage of retailers satisfied with AGLC services related to VLTs, slot machines, electronic bingo, Keno and ticket lotteries.

We respect our clients and strive to provide retailers with timely, courteous and helpful service. To measure how well we are achieving this goal, we survey our lottery ticket operators, casino/slot machine operators, VLT operators, electronic bingo operators, and Keno operators.

To calculate this performance measure, our retailers' hotline and field repair services for gaming equipment are evaluated. The technicians' work included activities such as installing, removing, maintaining and upgrading gaming equipment.

AGLC staff respond to a large volume of calls. Last year, staff fielded 106,000 calls to the retailers' Hotline and over 85,000 field technician service calls were made to casinos, Racing Entertainment Centres (RECs), VLT premises and lottery ticket centres across the province, including electronic bingo and Keno. This works out to approximately 300 calls per day!

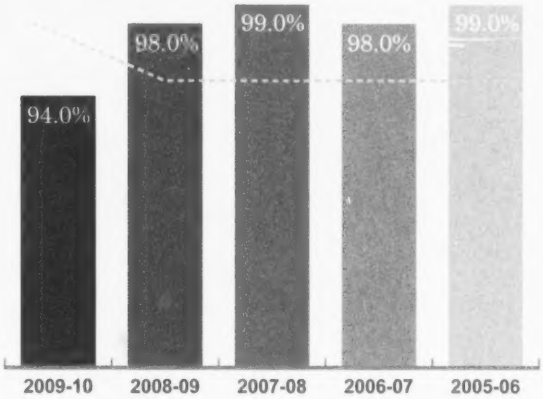
Retailer satisfaction with these services was measured through an independently administered telephone survey of a sample that included 284 of 1,033 VLT operators, 332 of 2,426 lottery ticket retailers, 25 of 27 casino/slot machine operators, 19 electronic bingo operators, and 55 of 80 Keno operators. The results were weighted to reflect the relative size of each of the subgroups within the overall population of provincial gaming retailers.

Respondents were asked to rate their satisfaction with AGLC services received in the past 12 months. The results do not meet the 2009-10 target of 98.0% however most respondents (94.0% per cent) were satisfied with the overall service they received. This continuing high level of satisfaction demonstrates the success of the AGLC's efforts to provide excellent customer service.

In addition to surveying clients every year, we regularly incorporate changes to our business processes and practices to ensure we remain responsive to our clients' needs.

PERCENTAGE OF RETAILERS SATISFIED WITH SERVICES RELATED TO VLTS, SLOT MACHINES, ELECTRONIC BINGO, KENO AND TICKET LOTTERIES.

2009-10 Target – 98.0%



Source: 2009-10 Survey of Albertans – Leger Marketing

* Target was 95.0% between 2005-06 and 2008-09.

** There is a 95 per cent certainty that the results are accurate within ±3.4 per cent.

PERFORMANCE MEASURE: Percentage of gaming integrity issues resolved within established timeframes.

It is important to us that players are satisfied with their gaming experience. We therefore act as quickly as possible to address any perceived gaming integrity issues. The majority of these issues are resolved by AGLC inspectors. Issues that cannot be resolved are forwarded to a special AGLC Response Team. The Response Team's goal is to resolve issues through fair and impartial review within 30 days.

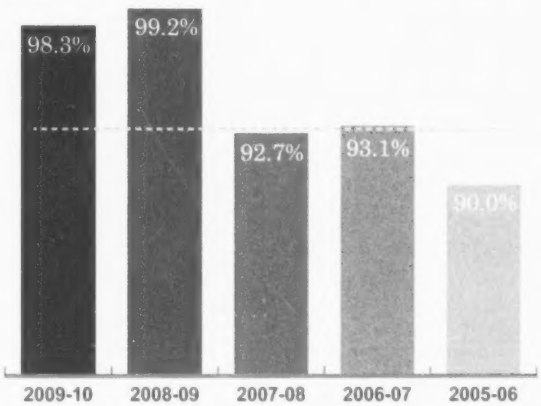
In the past, gaming issues brought to our attention have involved:

- Disputes about the operation of an electronic gaming device;
- Credit disputes involving players or retailers; and
- Perceived illegal or unethical behaviour by gaming retailers or players.

In 2009-10, the AGLC Response Team reviewed 114 issues, compared to 123 last year. Almost all (98.3 per cent) were resolved within 30 days. This result exceeds the 2009-10 target of 93.0% by 5.3%.

PERCENTAGE OF GAMING INTEGRITY ISSUES RESOLVED WITHIN ESTABLISHED TIMEFRAMES.

2009-10 Target – 93.0%



Source: AGLC Gaming Products and Services Database

Alberta Gaming and Liquor Commission Financial Statements

We ensure the checks and balances are in place to create accurate and precise financial results. We are accountable to sustain the future of gaming and liquor in Alberta.

Auditor's Report

AUDITOR GENERAL Alberta

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheets of the Alberta Gaming and Liquor Commission as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher

Edmonton, Alberta
June 16, 2010

Merwan N. Saher, CA
Auditor General

Alberta Gaming and Liquor Commission Financial Statements

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Merwan N. Saher

Edmonton, Alberta
June 16, 2010

Merwan N. Saher, CA
Auditor General

Alberta Gaming and Liquor Commission

Balance Sheets

At March 31 (thousands of dollars)	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	$ 317,453	$ 275,589
Accounts receivable	33,904	18,004
Prepaid expenses and inventories (Note 4)	31,474	16,089
	382,831	**309,682**
Property, Plant, Equipment and Software (Note 5)	201,490	225,592
	$ 584,321	**$ 535,274**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 162,484	$ 163,444
Due to the Alberta Lottery Fund (Note 7)	74,862	80,399
	237,346	**243,843**
Due to General Revenues (Note 8)	344,544	288,739
Provision for Loss on Leased Properties (Note 13)	2,431	2,692
	$ 584,321	**$ 535,274**

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Original signed by

Marguerite J. Trussler
Chairperson of the Board

MANAGEMENT

Original signed by

Gerry McLennan
Chief Executive Officer

Alberta Gaming and Liquor Commission

Statements of Operations

For the year ended March 31

(thousands of dollars)	Budget 2010	Actual 2010			Actual 2009
	(Note 9)	Provincial Lotteries	Liquor and Other	Total	
REVENUE					
Gaming terminals	$	$ 14,621,366	$ –	$ 14,621,366	$ 15,495,445
Video lottery terminals		7,598,298	–	7,598,298	8,884,631
Liquor		–	2,054,733	2,054,773	2,020,873
Ticket lottery		626,707	–	626,707	632,172
Electronic bingo		34,469	–	34,469	35,718
		22,880,840	**2,054,733**	**24,935,613**	**27,068,839**
PRIZES AND COST OF PRODUCT					
Gaming terminals		13,457,800	–	13,457,800	14,263,804
Video lottery terminals		6,996,360	–	6,996,360	8,178,842
Liquor		–	1,330,440	1,330,440	1,336,314
Ticket lottery		317,794	–	317,794	327,382
Electronic bingo		23,562	–	23,562	24,786
		20,795,516	**1,330,440**	**22,125,956**	**24,131,128**
Gross Profit	3,180,025	2,085,324	724,333	2,809,657	2,937,711
Commissions and Federal Payments (Note 10)	(551,277)	(487,828)	–	(487,828)	(541,805)
Other Income (Note 11)	18,074	–	11,829	11,829	20,835
Operating Expenses (Note 12)	(274,844)	(192,704)	(20,357)	(213,061)	(220,744)
Net Operating Results	**$ 2,371,978**	**$ 1,404,792**	**$ 715,805**	**$ 2,120,597**	**$ 2,195,997**

The accompanying notes are part of these financial statements.

Alberta Gaming and Liquor Commission

Statements of Cash Flows

For the year ended March 31 (thousands of dollars)	2010	2009
CASH FROM OPERATIONS		
Net operating results for the year	$ 2,120,597	$ 2,195,997
Decrease in provision for loss on leased properties	(261)	(338)
Amortization	59,876	61,814
Loss (gain) on disposal of property, plant, equipment and software	2,938	(2,151)
Net change in non-cash working capital balances	(32,245)	29,993
	2,150,905	**2,285,315**
Remittances to the Alberta Lottery Fund	(1,410,329)	(1,512,153)
Remittances to General Revenues	(660,000)	(693,000)
	80,576	**80,162**
CASH USED FOR INVESTMENTS		
Purchase of property, plant, equipment and software	(39,610)	(49,387)
Proceeds on disposal of property, plant, equipment and software	898	2,629
	(38,712)	**(46,758)**
INCREASE IN CASH AND CASH EQUIVALENTS	41,864	33,404
CASH AND CASH EQUIVALENTS, beginning of year	275,589	242,185
CASH AND CASH EQUIVALENTS, end of year	**$ 317,453**	**$ 275,589**

The accompanying notes are part of these financial statements.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta. It also administers the Alberta Lottery Fund.

Amendments to the *Gaming and Liquor Act*, proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation (WCLC) is accounted for as a joint venture using the proportionate consolidation method. WCLC is a non-profit organization authorized to manage, conduct and operate ticket lottery activities for its members, the governments of Alberta, Saskatchewan and Manitoba. The Yukon Territory, the Northwest Territories and Nunavut participate as associate members. Under the proportionate consolidation method, each participant records their share of WCLC revenues, expenses, assets and liabilities.

Inventories

Gaming parts and supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 2 (cont'd) **Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Property, Plant, Equipment and Software

Property, plant, equipment and software are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method which will reduce the original cost to estimated residual value over the expected useful lives of the assets, as follows:

PROPERTY, PLANT AND EQUIPMENT	
Buildings and leasehold improvements	40 years or lease term
Gaming systems and equipment	10 years or 3 years
Video lottery and gaming terminals	7 years
Furniture and equipment	10 years or 5 years
Retailer fixtures and signage	5 years
Vehicles	5 years or 3 years
SOFTWARE	
Computer Software	3 years

Property, plant, equipment and software are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Defined contribution plan accounting is used because insufficient information is available to apply defined benefit plan accounting.

Revenue and Expense Recognition

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 2 (cont'd)

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

Allocation of Operating Expenses

Operating expenses are allocated against Provincial Lotteries Revenue or Liquor and Other Revenue, based on the nature of the expense.

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Board, on or by January 1, 2011. The Commission will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. In preparation for the change, those standards having application to the Commission are being reviewed, options and elections selected, and any required operational changes planned.

NOTE 3

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2010, securities held by the Fund have a time-weighted rate of return of 1.0% per annum (March 31, 2009: 3.0% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 4 PREPAID EXPENSES AND INVENTORIES

(thousands of dollars)	2010	2009
Prepaid expenses	$ 21,523	$ 7,997
Gaming parts	8,897	7,366
Supplies	1,054	726
	$ 31,474	$ 16,089

NOTE 5 PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

			2010	2009
(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Property, Plant and Equipment				
Land	$ 4,113	$ –	$ 4,113	$ 4,113
Buildings and leasehold improvements	57,429	44,304	13,125	12,566
Building work in progress	2,337	–	2,337	–
Gaming systems and equipment	74,617	50,743	23,874	21,833
Gaming terminals	277,941	136,438	141,503	157,741
Video lottery terminals	85,058	78,538	6,520	19,069
Furniture and equipment	28,970	28,063	907	1,239
Retailer fixtures and signage	9,412	8,442	970	1,193
Vehicles	3,359	2,714	645	663
	543,236	349,242	193,994	218,417
Software				
Computer software	29,861	22,365	7,496	7,175
	$ 573,097	$ 371,607	$ 201,490	$ 225,592

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 6 DEFINED BENEFIT PLANS

(thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,845 for the year ended March 31, 2010 (2009 - $4,077). The Commission's portion of the Western Canada Lottery Corporation pension expense is $181 for the year ended March 31, 2010 (2009 - $534).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 – deficiency of $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 – deficiency of $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 – deficiency of $7,111). The Commission's portion of the Western Canada Lottery Corporation pension deficit as at March 31, 2010 is $3,959 (2009 – surplus of $1,348).

NOTE 7 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

(thousands of dollars)	2010	2009
Due to the Alberta Lottery Fund, beginning of year	$ 80,399	$ 81,023
Net operating results, Provincial Lotteries	1,404,792	1,511,529
Remittances to the Alberta Lottery Fund	(1,410,329)	(1,512,153)
Due to the Alberta Lottery Fund, end of year	$ 74,862	$ 80,399

Amounts due to the Alberta Lottery Fund are unsecured, non-interest bearing and have no specific terms of repayment.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 8 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

(thousands of dollars)	2010	2009
Due to General Revenues, beginning of year	$ 288,739	$ 297,271
Net operating results, Liquor and Other	715,805	684,468
Remittances to General Revenues	(660,000)	(693,000)
Due to General Revenues, end of year	$ 344,544	$ 288,739

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 9 BUDGET

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister responsible for the Commission on recommendation from the Commission Board and becomes part of the fiscal plan of the Government.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 10 COMMISSIONS AND FEDERAL PAYMENTS

(thousands of dollars)	2010	2009
Commissions		
Gaming terminals		
Operators	$ 171,498	$ 181,437
Charities	164,384	173,752
Video lottery terminals	90,230	105,780
Ticket lottery	43,187	43,976
Electronic bingo	3,272	3,280
	472,571	508,225
Federal Tax Expenses (a)		
Gaming terminals	3,768	14,594
Video lottery terminals	541	8,070
Ticket lottery	3,610	3,525
Electronic bingo	95	221
	8,014	26,410
Payment to Federal Government (b)	7,243	7,170
	$ 487,828	$ 541,805

(a) As prescribed by the Games of Chance (GST/HST) Regulations, taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery terminal, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula. The effect of reduced GST rates, applied under the Games of Chance (GST/HST) Regulations, are reflected in the fiscal 2010 results.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 11 OTHER INCOME

(thousands of dollars)	2010	2009
Licences	$ 6,764	$ 6,674
Interest revenue	2,542	6,837
Miscellaneous	1,812	2,227
Liquor levies	1,614	1,301
Premises rental revenue	1,225	785
Retailer service fees	630	620
Fines and violations	180	240
(Loss) gain on disposal of property, plant and equipment	(2,938)	2,151
	$ 11,829	$ 20,835

NOTE 12 OPERATING EXPENSES

(thousands of dollars)	2010	2009
Salaries and benefits	$ 66,302	$ 61,460
Amortization	59,876	61,814
Leased gaming terminals	24,041	26,079
Data communications	11,400	10,903
Media and media production	10,265	9,000
Equipment and vehicles	9,749	7,449
Ticket printing	8,262	7,754
Fees and services	6,212	5,797
Data processing	3,687	3,685
Travel and training	2,880	3,794
Property	2,827	3,425
Stationery and supplies	1,931	1,833
Freight and product delivery	1,627	1,902
Miscellaneous	1,472	12,869
Insurance and bank charges	1,267	1,247
Retailer relations	932	1,459
Presentations and publications	226	169
Product expense	110	109
Overhead and other	(5)	(4)
	$ 213,061	$ 220,744

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 13 COMMITMENTS

Commitments are obligations of the Commission to others that will become liabilities in the future when the terms of those contracts or agreements are met, including its proportionate share of the Western Canada Lottery Corporation commitments.

(thousands of dollars)	2010	2009
Obligations under operating leases and contracts	$ 13,169	$ 8,467

Estimated payment requirements for each of the next five years and thereafter are as follows:

(thousands of dollars)		
Fiscal	2010-11	$ 7,803
	2011-12	2,003
	2012-13	1,498
	2013-14	442
	2014-15	334
Balance to expiry		1,089
		$ 13,169

The Commission has lease obligation for former retail liquor stores, most of which have been subleased to third parties. Estimated future revenues to be derived from subleases amount to $2.98 million at March 31, 2010. Provision for loss on leased properties of $2.43 million (2009 - $2.69 million) has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

NOTE 14 CONTINGENCIES

At March 31, 2010, the Commission is a defendant in 11 legal claims (2009 – 14 legal claims) having specified amounts totalling $145 million (2009 – $163 million). Included in the total claims are 10 claims (2009 – 12 claims) in which the Commission has been jointly named with other entities.

The Commission entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Commission has agreed to pay for certain capital investments up to $6.4 million and would also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2010, the Commission's potential liability is $ 2.16 million (2009 - $3.24 million).

The resulting loss, if any, from these claims cannot be determined.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 15 FUNDS UNDER ADMINISTRATION

The Commission manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Commission and pooled by casino or region over a three month period. The pooled funds earn interest and the Commission deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

(thousands of dollars)	2010	2009
Charitable Proceeds	$ 13,074	$ 16,918
Returned Funds	–	41
Held Charitable Proceeds	40	146
	$ 13,114	$ 17,105

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 16 SALARIES AND BENEFITS

(thousands of dollars)	Base Salary (a)	Other Cash Benefits (b)	Other Non-cash Benefits (c)	2010 Total	2009 Total
BOARD					
Chair (d)	$ 93	$ –	$ –	$ 93	$ 121
Board Members	245	–	–	245	275
EXECUTIVE TEAM					
Senior Official					
Chief Executive Officer (e)	250	5	58	313	351
Management					
Executive Director, Gaming Products and Services	185	4	44	233	284
Executive Director, Corporate Services	185	1	44	230	254
Executive Director, Information Systems	184	2	43	229	237
Executive Director, Regulatory	177	15	44	236	235
Executive Director, Human Resources	151	3	36	190	204
Executive Director, Social Responsibility	151	1	37	189	190
Director, Communications	118	1	28	147	134
Executive Director, Liquor Supply and Distribution (f)	13	24	3	40	216

a) Base salary includes regular base pay.

b) Other cash benefits include vacation payouts and lump sum payments. No bonuses were approved for 2010.

c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.

d) Beginning December 2007, a part time Chairperson, who is remunerated based on the Committee Remuneration Order, heads the Board of the AGLC.

e) Automobile provided, no dollar amount included in other non-cash benefits.

f) The incumbent retired in April 2009.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 17 JOINT VENTURE – TICKET LOTTERY OPERATIONS

Alberta's share of the Western Canada Lottery Corporation joint venture is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

(thousands of dollars)	2010	2009
Balance Sheets		
Current assets	$ 34,362	$ 28,502
Property, plant, equipment and software	19,810	21,348
	$ 54,172	$ 49,850
Current liabilities	$ 28,785	$ 25,493
Equity in joint venture	25,387	24,357
	$ 54,172	$ 49,850

	2010	2009
Statements of Operations		
Gross profit	$ 255,011	$ 250,206
Operating expenses	(35,277)	(32,546)
Net operating results	$ 219,734	$ 217,660
Statements of Cash Flows		
Cash from operations	$ 216,895	$ 215,406
Cash used for investment	$ 2,019	$ 2,924

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 18 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with Government of Alberta departments for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

(thousands of dollars)	2010	2009
Revenues		
Forensic Audit	$ 110	$ 167
Accommodation	49	332
Information Technology	14	33
Financial Services	6	13
	$ 179	$ 545

(thousands of dollars)	2010	2009
Expenses – Incurred by Others		
Legal Services	$ 300	$ 362
	$ 300	$ 362

The Commission also had the following transactions with Government of Alberta departments recorded on the Statements of Operations at the amount of consideration agreed upon between the related parties:

(thousands of dollars)	2010	2009
Finance and Enterprise - Risk Management and Insurance	$ 344	$ 325
Service Alberta	37	161
Infrastructure	7	6
	$ 388	$ 492

Alberta Lottery Fund Financial Statements

Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheets of the Alberta Lottery Fund as at March 31, 2010 and 2009 and the statements of revenue, expenditure and fund equity for the years then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Alberta Lottery Fund as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher

Edmonton, Alberta
June 16, 2010

Merwan N. Saher, CA
Auditor General

ALBERTA LOTTERY FUND

Alberta Lottery Fund

Balance Sheets

At March 31 (thousands of dollars)	2010	2009
ASSETS		
Cash and cash equivalents (Note 3)	$ 93,378	$ 32,724
Due from Alberta Gaming and Liquor Commission (Note 4)	74,862	80,399
	$ 168,240	$ 113,123
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 5)	$ 115,465	$ 60,348
Fund equity	52,775	52,775
	$ 168,240	$ 113,123

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Original signed by

Marguerite J. Trussler
Chairperson of the Board
Alberta Gaming and Liquor Commission

MANAGEMENT

Original signed by

Gerry McLennan
Chief Executive Officer
Alberta Gaming and Liquor Commission

Alberta Lottery Fund

Statements of Revenue, Expenditure and Fund Equity

For the year ended March 31

(thousands of dollars)	Budget 2010 (Note 21)	Actual 2010	Actual 2009
REVENUE			
Proceeds from lottery operations (Note 6)	$ 1,491,927	$ 1,404,792	$ 1,511,529
Interest	6,000	2,801	10,627
	1,497,927	1,407,593	1,522,156
EXPENDITURE			
Transfers to Departments			
Aboriginal Relations (Note 7)	110,200	105,768	102,075
Advanced Education and Technology (Note 8)	105,000	105,000	101,591
Agriculture and Rural Development (Note 9)	20,720	20,720	22,220
Children and Youth Services (Note 10)	63,500	63,500	63,500
Culture and Community Spirit (Note 11)	227,666	214,972	456,668
Education (Note 12)	129,100	129,100	129,100
Employment and Immigration (Note 13)	11,987	11,987	11,987
Environment (Note 14)	500	500	500
Health and Wellness (Note 15)	392,034	392,034	260,495
Municipal Affairs (Note 16)	26,000	26,000	26,000
Solicitor General and Public Security (Note 17)	1,600	1,600	1,600
Tourism, Parks and Recreation (Note 18)	34,620	34,620	95,620
Transportation (Note 19)	375,000	301,792	195,000
Finance and Enterprise (Note 20)	–	–	55,800
	1,497,927	1,407,593	1,522,156
Excess of revenue over expenditure for the year	–	–	–
Fund equity, beginning of year	52,775	52,775	52,775
Transfers to General Revenues	–	–	–
Fund equity, end of year	$ 52,775	$ 52,775	$ 52,775

The accompanying notes are part of these financial statements.

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act*, 2009 authorized payments from the Lottery Fund as presented in the 2009-2010 Estimates, and provided for flexibility in the amount allocated from the Lottery Fund to the General Revenue Fund so that the net balance of the Lottery Fund would be zero at the year ended March 31, 2010.

The transfer of funds to certain programs is based on gaming proceeds generated at related gaming facilities, in accordance with government policy direction. For these programs, the amount transferred may differ from the budgeted amount.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective entity's financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values because of the short term nature of these instruments.

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2010, securities held by the Fund have a time-weighted rate of return of 1.0% per annum (March 31, 2009: 3.0% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 DUE FROM THE ALBERTA GAMING AND LIQUOR COMMISSION

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

(thousands of dollars)	2010	2009
Due from AGLC, beginning of year	$ 80,399	$ 81,023
Remittable from AGLC	1,404,792	1,511,529
Remittances from AGLC	(1,410,329)	(1,512,153)
Due from AGLC, end of year	$ 74,862	$ 80,399

NOTE 5 ACCOUNTS PAYABLE

Accounts payable consists of outstanding payments to the Departments of Finance and Enterprise, Culture and Community Spirit, Aboriginal Relations, and Transportation.

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 6 PROCEEDS FROM LOTTERY OPERATIONS

Proceeds from provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

(thousands of dollars)	2010	2009
Income from gaming terminals	$ 823,917	$ 861,858
Income from video lottery terminals	511,167	591,939
Income from ticket lottery	254,872	250,119
Income from electronic bingo	7,540	7,431
Less operating expenses	(192,704)	(199,818)
Proceeds from lottery operations	$ 1,404,792	$ 1,511,529

NOTE 7 ABORIGINAL RELATIONS

Transfers to support aboriginal initiatives:

(thousands of dollars)	2010	2009
First Nations Development Fund	$ 105,568	$ 101,875
First Nations Relations	200	200
	$ 105,768	$ 102,075

NOTE 8 ADVANCED EDUCATION AND TECHNOLOGY

Transfers to support post-secondary education, scientific initiatives and communication initiatives:

(thousands of dollars)	2010	2009
Capital Maintenance and Renewal	$ 65,000	$ –
Capital Expansion and Upgrading	40,000	16,000
Research Capacity	–	28,900
Community Education	–	15,600
Energy Research	–	15,200
Life Sciences Research	–	11,485
Information and Communications Technology Research	–	11,306
Achievement Scholarships	–	3,100
	$ 105,000	$ 101,591

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 9 AGRICULTURE AND RURAL DEVELOPMENT

Transfers to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

(thousands of dollars)	2010	2009
Agricultural Service Boards	$ 10,600	$ 10,600
Agricultural Societies	8,670	8,670
Agricultural Initiatives	1,450	2,950
	$ 20,720	$ 22,220

NOTE 10 CHILDREN AND YOUTH SERVICES

Transfers to support families and communities in Alberta:

(thousands of dollars)	2010	2009
Family and Community Support Services	$ 45,000	$ 45,000
Fetal Alcohol Spectrum Disorder Initiatives	12,000	12,000
Prevention of Family Violence and Bullying	6,500	6,500
	$ 63,500	$ 63,500

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 11 CULTURE AND COMMUNITY SPIRIT

Transfers to support culture, multiculturalism, municipal and community initiatives, and the volunteer sector:

(thousands of dollars)	2010	2009
Community Facility Enhancement Program	$ 38,000	$ 38,500
Alberta Foundation for the Arts	34,834	34,834
Community Initiatives Program	28,000	29,171
Horse Racing and Breeding Renewal Program	24,514	36,917
Major Fairs and Exhibitions	23,360	23,360
Community Spirit Donation Grant Program	20,000	20,000
Film and Television Production	19,690	19,690
Alberta Historical Resources Foundation	9,507	9,507
Other Initiatives	8,500	7,964
Bingo Associations	5,792	5,434
Human Rights, Citizenship and Multiculturalism Education Fund	2,025	2,025
Arts	750	750
Major Community Facilities Program	–	140,000
Support for National Portrait Gallery	–	40,000
Support for Telus World of Science	–	40,000
Wild Rose Foundation	–	8,516
	$ 214,972	$ 456,668

NOTE 12 EDUCATION

Transfers to support primary education:

(thousands of dollars)	2010	2009
Public and Separate Schools Support – Operational Funding	$ 60,800	$ 60,800
School Facilities Infrastructure	60,300	60,300
Basic Education Program Initiative – High Speed Network	8,000	8,000
	$ 129,100	$ 129,100

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 13 EMPLOYMENT AND IMMIGRATION

Transfers to assist in job creation and to support the disabled, summer students, and immigrants in their search for employment:

(thousands of dollars)	2010	2009
Summer Temporary and Other Employment Programs	$ 7,413	$ 7,413
Settlement and Integration Services and Enhanced Language Training	4,574	4,574
	$ 11,987	$ 11,987

NOTE 14 ENVIRONMENT

Transfers to support environmental awareness:

(thousands of dollars)	2010	2009
Conservation and Education	$ 500	$ 500

NOTE 15 HEALTH AND WELLNESS

Transfers made in support of health and wellness initiatives, including addiction programs:

(thousands of dollars)	2010	2009
Alberta Health Services	$ 257,034	$ 90,495
Human Tissue and Blood Services	125,000	90,000
Community-Based Health Services	10,000	30,000
Health Facilities Infrastructure	–	50,000
	$ 392,034	$ 260,495

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 16 MUNICIPAL AFFAIRS

Transfers to enhance support for municipal initiatives:

(thousands of dollars)	2010	2009
Municipal Sustainability Operating Grants	$ 26,000	$ –
Unconditional Municipal Grants	–	14,000
Municipal Sponsorship	–	12,000
	$ 26,000	$ 26,000

NOTE 17 SOLICITOR GENERAL AND PUBLIC SECURITY

Transfers made to support gaming research:

(thousands of dollars)	2010	2009
Gaming Research	$ 1,600	$ 1,600

NOTE 18 TOURISM, PARKS AND RECREATION

Transfers to support sports, recreation, and municipal initiatives:

(thousands of dollars)	2010	2009
Alberta Sport, Recreation, Parks and Wildlife Foundation	$ 25,120	$ 25,120
Recreation and Sports Facilities Grants	9,000	20,000
Hosting Major Athletic Events	500	500
Support for Capital Region River Valley Park	–	50,000
	$ 34,620	$ 95,620

Alberta Lottery Fund

Notes to the Financial Statements

March 31, 2010 and 2009

NOTE 19 TRANSPORTATION

Transfers to enhance transportation and water infrastructure:

(thousands of dollars)	2010	2009
Municipal Water Wastewater Program / Water for Life	$ 100,000	$ 70,000
Rural Transportation Partnerships	50,000	40,000
Provincial Highway Preservation	50,000	30,000
Provincial Highway Rehabilitation	46,792	–
Alberta Cities Transportation Partnerships	30,000	30,000
Streets Improvement Program	25,000	25,000
	$ 301,792	$ 195,000

NOTE 20 FINANCE AND ENTERPRISE

Transfers to the Sustainability Fund:

(thousands of dollars)	2010	2009
Transfer to the Sustainability Fund	$ –	$ 55,800

NOTE 21 BUDGET

The 2010 budgeted expenditures were authorized in total by the *Appropriation Act*, 2009 on May 26, 2009.

NOTE 22 COMPARATIVE FIGURES

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Contact Information

For additional copies of this annual report, check our website at **aglc.ca**.

INQUIRIES MAY BE DIRECTED TO:

Alberta Gaming and Liquor Commission
Communications Division
50 Corriveau Avenue
St. Albert, AB T8N 3T5
TELEPHONE: 780-447-8740
TOLL-FREE: 1-800-272-8876
FAX: 780-447-8931

This and other related reports may be viewed on our website at **aglc.ca**.

If gambling is a concern for you or someone you know, call the 24-hour AHS Addiction Help-Line, toll-free at 1-866-332-2322, for confidential information and support.

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